

**AK FAKTORİNG ANONİM ŞİRKETİ  
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY - 30 JUNE 2017 TOGETHER WITH  
AUDITOR'S REVIEW REPORT**

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## INDEPENDENT AUDIT REPORT

**Ak Faktoring Anonim Şirketi**  
**The Board of Directors:**

### Introduction

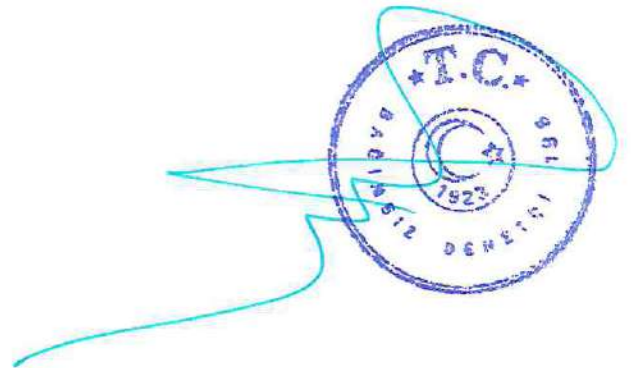
We have performed limited review for the accompanying financial statements of **Ak Faktoring Anonim Şirketi** ("the Company"), which comprise the related statement of financial position as of June 30, 2017, includes the statements of profit or loss for the six-month period ended on the same date, the statement of income and expense items accounted for under equity, the statement of cash flows, the statement of changes in equity, and a summary of significant accounting policies and other explanatory notes.

### Responsibility in Relation to Financial Statements

The Company management has adopted the "Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No. 28861 dated December 24, 2013 and the financial statements of financial leasing, factoring and financing companies by the Banking Regulation and Supervision Agency and other published regulations regarding the registration system and the regulations and circulars of the Banking Regulation and Supervision Agency (together with "BRSA Accounting and Reporting Legislation") and BRSA Accounting and Reporting Legislation and Turkish Accounting Standards 34 "Interim Financial Reporting Standard" and is responsible for its presentation in a fair manner. Our responsibility is to report a conclusion on the said interim financial information, based on the limited audit we have made.

### The Scope of Limited Review

The limited review which we performed, has been conducted in compliance with the limited review audit by the auditor who conducting the independent audit of the "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) 2410 "Interim Financial Information and Annual Financial Statements of the Company. The partial audit regarding to interim financial information consists of the questioning of the parties concerned, primarily those responsible for financial and accounting matters, and the application of analytical procedures and other partial audit procedures. Scope of partial audit of interim financial information; is significantly narrow in comparison with the scope of independent audit which is to present an opinion on the intent and the intended financial statements in accordance with the Independent Auditing Standards. As a result, partial audit of interim financial information does not provide assurance that the audit firm may be exposed to all significant aspects that may be identified in an independent audit. For this reason, we do not express an independent audit opinion.



**Conclusion**



In conclusion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ak Faktoring Anonim Şirketi (Company) as at June 30, 2017 and the results of its operations for the period then ended in accordance with explanations and notes issued by the Banking Regulation and Supervision Agency in accordance with the regulations, communiqués, circulars and explanations published in relation to the reporting principles.

**Reports arising from other regulatory requirements**

- 1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, no significant issue has arisen regarding whether the bookkeeping schedule of the Company for the period of 01 January - 31 June 2017 does not conform to the provisions of the TCC and the financial statements of the Company's articles of incorporation.
- 2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the limited review and issued the requested documents.

Istanbul, August 08, 2017

HSY Danışmanlık ve Bağımsız Denetim A.Ş.  
Member, Crowe Horwath International



Özkan Cengiz  
Partner, CPA

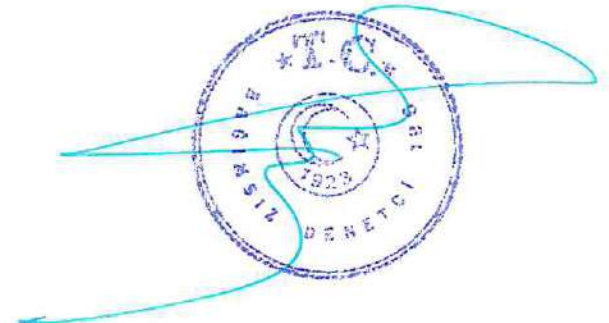
**AK FAKTORİNG ANONİM ŞİRKETİ**  
STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2017 AND DECEMBER 31, 2016

ASSETS	Notes	TURKISH LIRA (TRL)					
		Current Period			Prior Period		
		June 30, 2017			December 31, 2016		
		TRL	FC	Total	TRL	FC	Total
I. CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK	6	5.521	--	5.521	7.699	--	7.699
II. FAIR VALUE DIFFERENCE REFLECTED TO PROFIT/LOSS (Net)	7	--	--	--	--	--	--
2.1 Financial Assets held for trading		--	--	--	--	--	--
2.2 Fair Value Difference FV Categorized as Profit/Loss Statement		--	--	--	--	--	--
2.3 Derivative Marketable Securities in the Trade Book		--	--	--	--	--	--
III. BANKS	8	220.254	3	220.257	680.652	11.662	692.314
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS	9	--	--	--	--	--	--
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	10	960.000	--	960.000	960.000	--	960.000
VI. FACTORING RECEIVABLES (Net)	11	394.002.020	--	394.002.020	405.888.506	--	405.888.506
6.1 Factoring Receivables at reduced rate		333.893.728	--	333.893.728	317.833.931	--	317.833.931
6.1.1 Domestic		355.775.822	--	355.775.822	337.820.587	--	337.820.587
6.1.2 Overseas		--	--	--	--	--	--
6.1.3 Unearned Income (-)		(21.882.094)	--	(21.882.094)	(19.986.656)	--	(19.986.656)
6.2 Other Factoring Receivables (Net)		60.108.293	--	60.108.293	88.054.576	--	88.054.576
6.2.1 Domestic		60.108.293	--	60.108.293	88.054.576	--	88.054.576
6.2.2 Overseas		--	--	--	--	--	--
VII. FINANCIAL CREDITS	12	--	--	--	--	--	--
7.1 Consumer Loans		--	--	--	--	--	--
7.2 Credit Cards		--	--	--	--	--	--
7.3 Instalment Commercial Credits		--	--	--	--	--	--
VIII. LEASING RECEIVABLES	13	--	--	--	--	--	--
8.1 Leasing Receivables		--	--	--	--	--	--
8.1.1 Financial Leasing Receivables		--	--	--	--	--	--
8.1.2 Receivables from Operating Leasing		--	--	--	--	--	--
8.1.3 Unearned Revenue (-)		--	--	--	--	--	--
8.2 Investments Leased		--	--	--	--	--	--
8.3 Advances Given for Lease		--	--	--	--	--	--
IX. OTHER RECEIVABLES	14	1.980.435	--	1.980.435	2.030.053	--	2.030.053
X. NON-PERFORMING RECEIVABLES	15	5.113.635	--	5.113.635	13.178.207	--	13.178.207
10.1 Non-Performing Factoring Receivables		23.421.706	--	23.421.706	21.856.679	--	21.856.679
10.2 Non-Performing Financial Credits		--	--	--	--	--	--
10.3 Non-Performing Leasing Receivables		--	--	--	--	--	--
10.4 Special Provision (-)		(18.308.071)	--	(18.308.071)	(8.678.472)	--	(8.678.472)
XI. DERIVATIVE FINANCIAL ASSETS FOR HELD FOR CASH FLOW HEDGES	16	--	--	--	--	--	--
11.1 Fair Value Hedge Risk		--	--	--	--	--	--
11.2 Cash Flow Hedge Risk		--	--	--	--	--	--
11.3 Foreign Operations Net Investment Risk Hedge		--	--	--	--	--	--
XII. INVESTMENT HELD UNTIL MATURITY (Net)	17	--	--	--	--	--	--
XIII. SUBSIDIARIES (Net)	18	--	--	--	--	--	--
XIV. AFFILIATES (Net)	19	--	--	--	--	--	--
XV. JOINT VENTURES (Net)	20	--	--	--	--	--	--
XVI. TANGIBLE ASSETS (Net)	21	374.547	--	374.547	442.041	--	442.041
XVII. INTANGIBLE ASSETS (Net)	22	185.687	--	185.687	214.985	--	214.985
17.1 Goodwill		--	--	--	--	--	--
17.2 Other		185.687	--	185.687	214.985	--	214.985
XVIII. PREPAID EXPENSES	23	4.754.305	--	4.754.305	4.644.876	--	4,644.876
IXX. CURRENT TAX ASSETS	24.a	--	--	--	--	--	--
XX. DEFERRED TAX ASSETS	24.b	108.280	--	108.280	133.180	--	133.180
XXI. OTHER ASSETS	25	--	--	--	--	--	--
XXII. SUBTOTAL		407.704.685	3	407.704.687	428.180.199	11.662	428.191.860
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	26	--	--	--	--	--	--
18.1 Sale Purpose		--	--	--	--	--	--
18.2 Discontinued Operations Related		--	--	--	--	--	--
<b>TOTAL ASSETS</b>		<b>407.704.685</b>	<b>3</b>	<b>407.704.688</b>	<b>428.180.199</b>	<b>11.662</b>	<b>428.191.860</b>



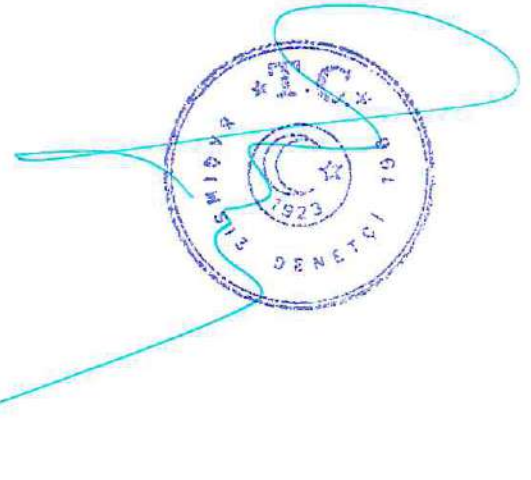
AK FAKTORİNG ANONİM ŞİRKETİ  
STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2017 AND DECEMBER 31, 2016

LIABILITIES	Notes	TURKISH LIRA (TRL)					
		Current Period			Prior Period		
		June 30, 2017			December 31, 2016		
		TRL	FC	Total	TRL	FC	Total
I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	7	--	--	--	--	--	--
II. CREDITS RECEIVED	27	300.207.631	--	300.207.631	322.728.856	--	322.728.856
III. FACTORING PAYABLES	11	1.079.167	--	1.079.167	2.197.011	--	2.197.011
IV. LEASING PAYABLES	13	--	--	--	--	--	--
4.1 Financial Leasing Payables		--	--	--	--	--	--
4.2 Operating Lease Payables		--	--	--	--	--	--
4.3 Other		--	--	--	--	--	--
4.4 Deferred Financial Leasing Expenses (-)		--	--	--	--	--	--
V. SECURITIES ISSUED (Net)	28	40.627.175	--	40.627.175	40.606.377	--	40.606.377
5.1 Bonds		40.627.175	--	40.627.175	40.606.377	--	40.606.377
5.2 Assets Backed Securities		--	--	--	--	--	--
5.3 Securities		--	--	--	--	--	--
VI. OTHER PAYABLES	14	376.037	--	376.037	285.556	--	285.556
VII. OTHER LIABILITIES	29	--	--	--	--	--	--
7.1 Deposit		--	--	--	--	--	--
7.2 Other Liabilities		--	--	--	--	--	--
VIII. DERIVATIVE FINANCIAL LIABILITIES HELD FOR CASH FLOW HEDGES	16	--	--	--	--	--	--
8.1 Fair Value Hedge Risk		--	--	--	--	--	--
8.2 Cash Flow Hedge Risk		--	--	--	--	--	--
8.3 Foreign Operations Net Investment Risk Hedge		--	--	--	--	--	--
IX. TAXES AND LIABILITIES PAYABLE	24.d	756.611	--	756.611	705.606	--	705.606
X. PROVISIONS FOR LIABILITIES AND EXPENSES	30	419.182	--	419.182	772.117	--	772.117
10.1 Restricting Provision		--	--	--	--	--	--
10.2 Provision for Employee Benefits		419.182	--	419.182	667.117	--	667.117
10.3 Other Provisions		--	--	--	105.000	--	105.000
XI. DEFERRED INCOME	23	692.805	--	692.805	511.689	--	511.689
XII. CURRENT PERIOD TAX LIABILITIES	24.a	821.197	--	821.197	1.208.311	--	1.208.311
XIII. DEFERRED TAX LIABILITIES	24.b	--	--	--	--	--	--
XIV. SUBORDINATED LOANS	31	--	--	--	--	--	--
XV. LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	26	344.979.804	--	344.979.804	369.015.522	--	369.015.522
15.1 Sale Purpose		--	--	--	--	--	--
15.2 Discontinued Operations Related		--	--	--	--	--	--
XVI. SHAREHOLDERS' EQUITY	32	62.724.884	--	62.724.884	59.176.339	--	59.176.339
Shareholders' Equity of the Parent Company		62.724.884	--	62.724.884	59.176.339	--	59.176.339
16.1 Paid-in Capital	32.1	25.500.000	--	25.500.000	25.500.000	--	25.500.000
16.2 Capital Reserves	32.2	--	--	--	--	--	--
16.2.1 Share Premium		--	--	--	--	--	--
16.2.2 Profits on Share Cancellation		--	--	--	--	--	--
16.2.3 Other Capital Reserves		--	--	--	--	--	--
16.3 Other Accumulated Comprehensive Income or Expenses Non-Reclassifiable to Profit or Loss		8.827	--	8.827	--	--	--
16.4 Other Accumulated Comprehensive Income or Expenses Reclassifiable to Profit or Loss		--	--	--	--	--	--
16.5 Profit Reserves	32.4	26.176.339	--	26.176.339	21.409.256	--	21.409.256
16.5.1 Legal Reserves		4.188.387	--	4.188.387	2.955.579	--	2.955.579
16.5.2 Statutory Reserves		--	--	--	--	--	--
16.5.3 Extraordinary Reserves		21.987.951	--	21.987.951	18.453.677	--	18.453.677
16.5.4 Other Profit Reserves		--	--	--	--	--	--
16.6 Profit or Loss		11.039.718	--	11.039.718	12.267.082	--	12.267.082
16.6.1 Retained Profit or Loss	32.5	7.500.000	--	7.500.000	--	--	--
16.6.2 Net Retained Profit or Loss for the Period		3.539.718	--	3.539.718	12.267.082	--	12.267.082
Shares Other Than Parent Company	32.6	--	--	--	--	--	--
<b>TOTAL LIABILITIES</b>		<b>407.704.688</b>	<b>--</b>	<b>407.704.688</b>	<b>428.191.860</b>	<b>--</b>	<b>428.191.860</b>



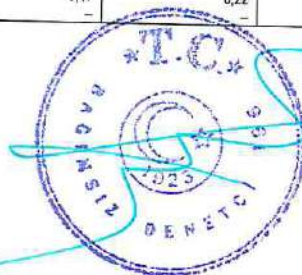
**AK FAKTORİNG ANONİM ŞİRKETİ**  
STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF JUNE 30, 2017 AND DECEMBER 31, 2016

OFF-BALANCE SHEET ITEMS		TURKISH LIRA (TRL)					
		Current Period			Prior Period		
		June 30, 2017			December 31, 2016		
		TRL	FC	Total	TRL	FC	Total
I.	RISK OF FACTORING OPERATIONS ASSUMED						
II.	RISK OF FACTORING OPERATIONS NOT ASSUMED						
III.	GUARANTEES RECEIVED	43.1.a					
IV.	GUARANTEES GIVEN	43.1.b					
V.	COMMITMENTS	44					
5.1	Irrevocable Commitments						
5.2	Revocable Commitments						
5.2.1	Lease Commitments						
5.2.1.1	Financial Leasing Commitments						
5.2.1.2	Operating Lease Commitments						
5.2.2	Other						
5.3	Lending Commitments						
5.4	Guarantees Issued in Favor of Customers						
VI.	DERIVATIVE FINANCIAL INSTRUMENTS						
6.1	Derivative Financial Instruments for Cash Flow Hedges						
6.1.1	Fair Value Hedge Risk Transactions						
6.1.2	Cash Flow Hedge Risk Transactions						
6.1.3	Foreign Operations Net Investment Risk Hedge Transactions						
6.2	Trading Operations						
6.2.1	Future Trading Transactions						
6.2.2	Swap Trading Transactions						
6.2.3	Exchange Option Transactions						
6.2.4	Future Trading Transactions						
6.2.5	Other						
VII.	CUSTODY ASSETS	43.2					
<b>TOTAL STATEMENT OF OFF-BALANCE SHEET ITEMS</b>							



**AK FAKTORING ANONİM ŞİRKETİ**  
**PROFIT OR LOSS STATEMENT FOR THE PERIOD JANUARY 01-JUNE 30, 2017 AND 2016**

INCOME AND EXPENSE ITEMS	Notes	TURKISH LIRA (TRL)		TURKISH LIRA (TRL)	
		January 1 -June 30 2017	April 1 -June 30 2017	January 1 -June 30 2016	April 1 -June 30 2016
		I. OPERATING INCOME			
FACTORIZING INCOME	33	45.391.233	21.501.753	44.879.002	21.988.450
1.1 Interests Received from Factoring Receivables		45.391.233	21.501.753	44.879.002	21.988.450
1.1.1 Reduced		44.227.874	20.925.686	44.489.811	21.820.784
1.1.2 Other		35.057.694	17.169.114	33.773.168	16.037.164
1.2 Fees and Commissions Received from Factoring Receivables		9.170.180	3.769.572	10.716.643	5.783.620
1.2.1 Reduced		1.163.359	573.067	389.190	167.666
1.2.2 Other		1.160.165	572.865	348.997	164.950
		3.195	202	40.194	2.716
INCOME FROM FINANCING LOANS	34	--	--	--	--
1.3 Interest Income from Financial Loans		--	--	--	--
1.4 Commission Income from Financial Loans		--	--	--	--
LEASING INCOME	35	--	--	--	--
1.1 Financial Leasing Income		--	--	--	--
1.2 Operational Leasing Income		--	--	--	--
1.2 Fees and Commission Income on Leasing Operations		--	--	--	--
II. FINANCING EXPENSES (-)	36	(26.923.291)	(13.324.290)	(26.966.564)	(12.731.951)
2.1 Interest Paid for Loans Used		(22.366.843)	(11.040.278)	(21.337.719)	(10.099.563)
2.2 Interest Paid for Liabilities from Factoring Transactions		--	--	--	--
2.3 Financial Leasing Expenses		--	--	--	--
2.4 Interest Given for Issued Securities		--	--	--	--
2.5 Other Interest Expenses		(3.092.918)	(1.565.209)	(4.325.736)	(2.092.860)
2.6 Fees and Commissions Paid		--	--	--	--
III. GROSS PROFIT AND LOSS (I+II)		(1.463.530)	(718.803)	(1.303.110)	(539.527)
IV. OPERATING EXPENSES (-)	37	(18.487.942)	(8.177.463)	(17.912.437)	(9.256.499)
4.1 Staff Expenses		(4.787.284)	(2.267.548)	(4.525.803)	(2.267.994)
4.2 Expenses of Provisions for Termination Indemnities		(3.094.844)	(1.460.497)	(2.898.465)	(1.481.447)
4.3 Research and Development Expenses		(7.188)	(7.188)	(95.355)	(46.044)
4.4 General Operating Expenses		--	--	--	--
4.5 Other		(1.618.983)	(754.689)	(1.484.891)	(708.522)
V. GROSS OPERATING PROFIT AND LOSS (I+II)		(66.270)	(25.174)	(47.093)	(31.981)
VI. OTHER OPERATING INCOME	38	13.680.658	5.909.915	13.386.634	6.988.505
6.1 Interest Received from Banks		867.270	52.729	6.083.299	4.485.257
6.2 Interest Received from Reserve Repurchase Agreements		1.741	--	--	--
6.3 Interest Received from Securities		--	--	--	--
6.3.1 Marketable Securities in the Trade Book		--	--	--	--
6.3.2 Fair Value Difference FV Categorized as Profit / Loss Statement		--	--	--	--
6.3.3 Financial Assets Ready to Sale		--	--	--	--
6.3.4 Investments to be Held Until Maturity		--	--	--	--
6.4 Dividend Income		--	--	--	--
6.5 Profit from Capital Market Transactions		--	--	--	--
6.5.1 Derivative Financial Instruments Transactions		--	--	--	--
6.5.2 Other		--	--	--	--
6.6 Foreign Exchange Gains		--	--	--	--
6.7 Other		388.090	--	2.365.448	799.816
VII. SPECIAL PROVISIONS FOR NON-PERFORMING RECEIVABLES (-)		477.438	52.729	3.696.851	3.685.441
VIII. OTHER OPERATING INCOME (-)	39	(9.818.796)	(1.820.197)	(11.978.684)	(10.384.002)
8.1 Impairment Losses on Securities	40	(277.963)	(67.529)	(2.326.958)	(1.056.189)
8.1.1 Fair Value Difference FV Impairment Loss Categorized as Profit / Loss Statement		--	--	--	--
8.1.2 Financial Assets Ready to Sale		--	--	--	--
8.1.3 Investments to be Held Until Maturity		--	--	--	--
8.2 Impairment Loss of Fixed Assets		--	--	--	--
8.2.1 Impairment Loss of Tangible Fixed Assets		--	--	--	--
8.2.2 Impairment Loss of Assets Held for Sale and Fixed Assets Related to Discontinued Operations		--	--	--	--
8.2.3 Special Assessment Impairment Loss		--	--	--	--
8.2.4 Impairment Loss of Other Intangible Fixed Assets		--	--	--	--
8.2.5 Impairment Loss of Subsidiaries, Affiliates and Joint Venture		--	--	--	--
8.3 Loss on Derivative Financial Transactions		--	--	--	--
8.4 Foreign Exchange Losses		--	--	--	--
8.5 Other		(277.963)	(67.529)	(2.326.958)	(1.056.189)
IX. NET OPERATING INCOME AND EXPENSES (V+...+VIII)		4.451.168	4.074.918	5.144.291	33.572
X. INCOME RESULTED FROM MERGES		--	--	--	--
XI. PROFIT/LOSS ON NET MONETARY POSITION		--	--	--	--
XII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI)		--	--	--	--
XIII. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)		4.451.168	4.074.918	5.144.291	33.572
13.1 Current Tax Provisions	24.c	(911.450)	(809.724)	(1.020.460)	2.448
13.2 Deferred Tax Cost Effectiveness (-)	24.b	(886.550)	(821.811)	(1.048.950)	(13.157)
13.3 Deferred Tax Income Effectiveness (+)		(45.805)	--	--	--
XIV. NET PROFIT AND LOSS SUSTAINED ACTIVITIES (NET) (XV±XVI)	24.b	20.705	12.088	28.490	15.605
XV. INCOME FROM DISCONTINUED OPERATIONS		3.539.718	3.265.194	4.123.831	36.019
15.1 Income from Assets Held for Sale		--	--	--	--
15.2 Profit on Sale of Associates, Subsidiaries and Jointly Controlled Entities		--	--	--	--
15.3 Other Income from Discontinued Operations		--	--	--	--
XVI. LOSS FROM DISCONTINUED OPERATIONS (-)		--	--	--	--
16.1 Expense on Assets Held for Sale		--	--	--	--
16.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		--	--	--	--
16.3 Other Expenses from Discontinued Operations		--	--	--	--
XVII. PRE TAX PROFIT AND LOSS ON DISCONTINUED ACTIVITIES (XV-XVI)		--	--	--	--
XVIII. TAX PROVISIONS FROM DISCONTINUED OPERATIONS (±)		--	--	--	--
18.1 Current Tax Provisions		--	--	--	--
18.2 Deferred Tax Cost Effectiveness (-)		--	--	--	--
18.3 Deferred Tax Income Effectiveness (+)		--	--	--	--
XIX. PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)		--	--	--	--
XX. MINORITY SHARES		--	--	--	--
XXI. NET PROFIT / LOSS (XIV+XIX)		--	--	--	--
EARNINGS PER SHARE	41	3.539.718	3.265.194	4.123.831	36.019
Earnings Per Share from Continued Operations (Complete TRL)		0,19	0,17	0,22	0,02
Earnings Per Share from Discontinued Operations (Complete TRL)		0,19	0,17	0,22	0,02
DILUTED EARNINGS PER SHARE		--	--	--	--
Earnings Per Share from Continued Operations (Complete TRL)		0,19	0,17	0,22	0,02
Earnings Per Share from Discontinued Operations (Complete TRL)		0,19	0,17	0,22	0,02





**AK FAKTORİNG ANONİM ŞİRKETİ**  
OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE PERIOD ENDED JANUARY 01 – JUNE 30 2017 AND 2016

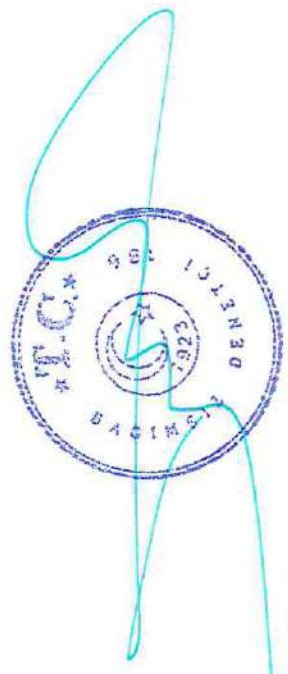
	TURKISH LIRA (TRL)		TURKISH LIRA (TRL)	
	January 1 -June 30 2017	April 1 -June30 2017	January 1 -June 30 2016	April 1 -June 30 2016
	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>3.539.718</b>	<b>3.265.194</b>	<b>4.123.831</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Other accumulated comprehensive income or expenses non-re-classifiable to profit or loss	8.827	--	--	--
Revaluation increase / decrease of fixed tangible assets	--	--	--	--
Revaluation increase / decrease of fixed intangible assets	11.034	--	--	--
Defined Benefit Plans Re-Measurement Gains / Losses	--	--	--	--
Shares not to be classified as profit/loss from other comprehensive income of investments valued by equity method	--	--	--	--
Other comprehensive income elements not to be classified as other profit or loss	(2.207)	--	--	--
Taxes regarding other comprehensive income not to be reclassified as profit/loss	--	--	--	--
Tax income /loss of the period	(2.207)	--	--	--
Deferred tax income /loss	--	--	--	--
Other accumulated comprehensive income or expenses classifiable to profit or loss	--	--	--	--
Foreign currency exchange difference	--	--	--	--
Revaluation and/or classification earnings/losses of financial assets ready for sale	--	--	--	--
Cash Flow Hedge Earnings / Losses	--	--	--	--
Investment hedge earnings/losses related to foreign operations	--	--	--	--
Shares to be classified as profit/loss from other comprehensive income of investments valued by equity method	--	--	--	--
Other comprehensive income elements to be classified as other profit or loss	--	--	--	--
Taxes regarding other comprehensive income to be reclassified as profit/loss	--	--	--	--
Tax income /loss of the period	--	--	--	--
Deferred tax income /loss	--	--	--	--
<b>OTHER COMPREHENSIVE INCOME</b>	<b>8.827</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3.548.545</b>	<b>3.265.194</b>	<b>4.123.831</b>	<b>36.019</b>
Distribution of the Total Comprehensive Income	--	--	--	--
Minority Interest	3.548.545	3.265.194	4.123.831	36.019
Parent Company Shares	--	--	--	--



**AK FAKTORING ANONIM ŞİRKETİ**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JANUARY 01 - JUNE 30, 2017 AND 2016**

CHANGES IN EQUITY	Notes	Paid in Capital	Other accumulated comprehensive income or expenses non-re-classifiable to profit or loss					Other accumulated comprehensive income or expenses classifiable to profit or loss					Total Equity				
			1	2	3	4	5	6	7	8	9	10					
<b>PRIOR PERIOD</b>																	
<b>January 01 - June 30, 2016</b>																	
I. Balance at the Beginning of the Period																	
II. Correction Made According to TAS 8		25.500.000															
2.1 Error Correction Influence																	
2.2 Accounting Policy Correction Effect																	
III. New Balance																	
IV. Total Comprehensive Income	32	25.500.000															
V. Increase in Capital Realized in Cash																	
VI. Increase in Capital from Internal Resources																	
VII. Paid-in Capital Inflation Adjustment																	
VIII. Convertible Bonds																	
IX. Subordinated Loans																	
X. Increase/Decrease due to other changes																	
XI. Net Profit or Loss for The Period																	
XII. Profit Distribution																	
12.1 Distributed Dividend																	
12.2 Amount Transfer to Reserves																	
12.3 Other																	
Balance at the End of Period (III+IV+.....+XI+XII+XIII)		25.500.000															
<b>CURRENT PERIOD</b>																	
<b>January 01 - June 30, 2017</b>																	
I. Balance at the Beginning of the Period		25.500.000															
II. Correction Made According to TAS 8																	
2.1 Error Correction Influence																	
2.2 Accounting Policy Correction Effect																	
III. New Balance																	
IV. Total Comprehensive Income	32	25.500.000															
V. Increase in Capital Realized in Cash																	
VI. Increase in Capital from Internal Resources																	
VII. Paid-in Capital Inflation Adjustment																	
VIII. Convertible Bonds																	
IX. Subordinated Loans																	
X. Increase/Decrease due to other changes																	
XI. Net Profit or Loss for The Period																	
XII. Profit Distribution																	
12.1 Distributed Dividend																	
12.2 Amount Transfer to Reserves																	
12.3 Other																	
Balance at the End of Period (III+IV+.....+XI+XII+XIII)		25.500.000															
<b>PRIOR PERIOD</b>																	
<b>January 01 - June 30, 2016</b>																	
I. Balance at the Beginning of the Period																	
II. Correction Made According to TAS 8																	
2.1 Error Correction Influence																	
2.2 Accounting Policy Correction Effect																	
III. New Balance																	
IV. Total Comprehensive Income																	
V. Increase in Capital Realized in Cash																	
VI. Increase in Capital from Internal Resources																	
VII. Paid-in Capital Inflation Adjustment																	
VIII. Convertible Bonds																	
IX. Subordinated Loans																	
X. Increase/Decrease due to other changes																	
XI. Net Profit or Loss for The Period																	
XII. Profit Distribution																	
12.1 Distributed Dividend																	
12.2 Amount Transfer to Reserves																	
12.3 Other																	
Balance at the End of Period (III+IV+.....+XI+XII+XIII)		25.500.000															

1. Fixed assets accumulated revaluation increase/decrease  
2. Defined benefit plans accumulated re measurement earnings/losses  
3. Other (accumulated) amounts of other comprehensive earnings elements not to be classified as profit or loss and shares not to be classified as profit/loss from other comprehensive earnings valued by equity method from other comprehensive earnings  
4. Foreign currency exchange difference  
5. Accumulated revaluation and/or classification earnings/losses of financial assets ready for sale  
6. Other (cash flow hedge earnings/losses, accumulated amounts of other comprehensive earnings elements to be classified as profit or loss and shares to be classified as profit/loss from other comprehensive earnings) valued by equity method from other comprehensive earnings)



**AK FAKTORİNG ANONİM ŞİRKETİ**  
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED JANUARY 01 – JUNE 30, 2017 AND 2016

	Notes	TURKISH LIRA (TRL)	
		Current Period	Prior Period
		January 1- June 30 2017	January 1- June 30 2016
<b>A. CASH FLOWS OF MAIN OPERATIONS</b>			
1.1 Operating profit on assets and liabilities subject of main operation prior to change		13.775.541	15.411.728
1.1.1 Interests Received / Leasing Earnings	33	44.229.615	44.489.811
1.1.2 Interest Paid	27, 36	(25.459.761)	(25.663.455)
1.1.3 Rental Expenses		--	--
1.1.4 Dividend Receipt		--	--
1.1.5 Fees and Commissions Received	33	1.163.359	389.190
1.1.6 Other earnings acquired	38, 40	(875.965)	2.433.232
1.1.7 Collections from receivable on follow up accounted as loss	15	(429.070)	(675.767)
1.1.8 Cash payments to staff and service providers	37	(4.787.284)	(4.525.803)
1.1.9 Taxes Paid	24	(65.353)	(1.035.479)
1.1.10 Other		--	--
1.2 Changes in Operating Assets and Liabilities			
1.2.1 Net (Increase) / Decrease in Factoring Receivables	11	8.263.401	(51.544.353)
1.2.2 Net (Increase) / Decrease in Financial Loans		10.132.261	(44.683.209)
1.2.4 Net (Increase) / Decrease in Rental Receivables		--	--
1.2.6 Net (Increase) / Decrease in Other Assets	14, 23, 25	--	--
1.2.6 Net (Increase) / Decrease in Factoring Payables	11	36.981	(875.051)
1.2.7 Net (Increase) / Decrease in Receivables Loans		(1.117.844)	(560.745)
1.2.8 Net (Increase) / Decrease in Matured Debt	14, 24, d	141.487	(5.226.280)
1.2.9 Net (Increase) / Decrease in Other Liabilities	29, 31	(929.484)	(199.068)
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>22.038.942</b>	<b>(36.132.625)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Investments in Associates, Subsidiaries and Joint Ventures		--	--
2.2 Disposal of Subsidiaries, Associates and Joint Ventures		--	--
2.3 Securities and Properties Purchased	21, 22	--	--
2.4 Securities and Properties Sold	21, 22	(22.756)	(56.281)
2.5 Available-for-Sale Financial Assets		10.006	--
2.6 Held-for-Sale Financial Assets		--	--
2.7 Investments to be Held Until Maturity		--	--
2.8 Investments Held to Sales		--	--
2.9 Other Cash Flows Related to Investment Activities	7	--	--
<b>II. Net Cash Used in Investing Activities</b>		<b>(12.750)</b>	<b>(56.281)</b>
<b>C. CASH FLOWS RELATED TO FINANCIAL ACTIVITIES</b>			
3.1 Cash provided by credits and securities issued	27, 28	(22.500.427)	36.629.517
3.2 Cash Outflows from Loans and Marketable Securities Issued		--	--
3.3 Issued Equity Instruments		--	--
3.4 Dividend Payments		--	--
3.5 Financial Leasing Payments		--	--
3.6 Other Cash Flows Related to Financing Activities		--	--
<b>III. Net Cash Used in Financing Activities</b>		<b>(22.500.427)</b>	<b>36.629.517</b>
<b>IV. Currency Exchange Rate Difference's Influence on Cash and Cash Equivalent Assets</b>		<b>--</b>	<b>--</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(474.235)</b>	<b>440.611</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	6, 8	<b>700.013</b>	<b>397.505</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	6, 8	<b>225.778</b>	<b>838.116</b>



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 1. ORGANIZATION AND NATURE OF OPERATIONS

Ak Faktoring Anonim Şirketi was established with the title of "Ak Faktoring Hizmetleri Ticaret Anonim Şirketi" on September 18, 1992. The title of the company has been decided to change by unanimous vote as "Ak Faktoring Anonim Şirketi" at the Extraordinary General Meeting of the Company held on October 12, 2012. The decision was announced in the Trade Registry Gazette numbered 8183 on October 31, 2012 and the company's title was registered as "Ak Faktoring Anonim Şirketi".

The company operates at address which is "Büyükdere Cad. Özsezen İş Merkezi C Blok No: 126 Kat: 9 Esentepe, Şişli / İstanbul". The main activity of the Company is to provide factoring services to industrial and commercial companies. The Company continues their factoring activities in one geographical region (Turkey).

The shareholding structure of the company is as follows:

	June 30, 2017		December 31, 2016	
	Amount	%	Amount	%
Altınhas Holding A.Ş.	% 100,00	25.499.700	% 100,00	25.499.625
İnan Altınbaş	> 1	75	> 1	75
Hüseyin Altınbaş	> 1	75	> 1	75
Abdülhamit Yurt	--	--	> 1	75
Atilla Keskin	> 1	75	> 1	75
Vedat Bayat	> 1	75	> 1	75
	% 100,00	25.500.000	% 100,00	25.500.000

As of June 30, 2017, the number of employees is 46. (December 31, 2016 - 53).

#### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

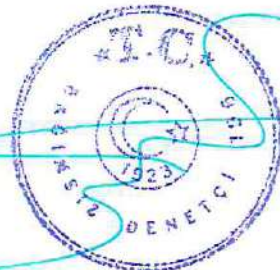
##### 2.1. Basis of Presentation

##### 2.1.1. Applied Accounting Standards

The Company's activities are accounted for in accordance with the Turkish Accounting Standards within the scope of the Communiqué on the Uniform Chart of Accounts and Explanatory Notes which will be applied to Financial Leasing, Factoring and Financing Companies which is published in the Official Gazette dated December 24, 2013 and numbered 28861.

In accounting for activities, provisions of the regulations have been applied about prepared on the basis of "Financial Leasing, Factoring and Financing Companies Law" which is published in the Official Gazette dated December 13, 2012, numbered 28496 and Accounting Practices and Financial Tables of Financial Leasing, Factoring, and Financing Companies which is published in Official Gazette dated December 24, 2013 and numbered 28861.

The Annex 1 of the Law No. 2499 was cancelled by the Decree No. 660 which is entered into force and to be published in the Official Gazette on November 2, 2011. And Public Oversight, Accounting and Auditing Standards Institution ("Institution") was established. In preparation of the financial statements, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and related annex and interpretations ("TAS / TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("KGGK") have been taken a basis.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.1. Basis of Presentation (Cont'd)

#### 2.1.2. Functional and Reporting Currency

The functional currency of the Company is the Turkish Lira (TL) and the reporting currency is also Turkish Lira (TL).

The Company's financial statements have been subject to inflation adjustments in accordance with "Turkish Accounting Standard related to Financial Reporting in Hyperinflationary Economies" ("TAS 29") until December 31, 2004. The indicators that require inflation accounting application is stated to have been removed with general instruction issued by the Banking Regulation and Supervision Agency ("BRSA") dated April 28, 2005. And the application of inflation accounting has been terminated as of January 1, 2005.

#### 2.1.3. Adjustment of Financial Statements in Hyperinflationary Periods

The Company's financial statements have been subject to inflation adjustments in accordance with "Turkish Accounting Standard related to Financial Reporting in Hyperinflationary Economies" ("TAS 29") until December 31, 2004. The indicators that require inflation accounting application is stated to have been removed with general instruction issued by the Banking Regulation and Supervision Agency ("BRSA") dated April 28, 2005. And the application of inflation accounting has been terminated as of January 1, 2005.

#### 2.1.4. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a basis, or realize the asset and settle the liability simultaneously.

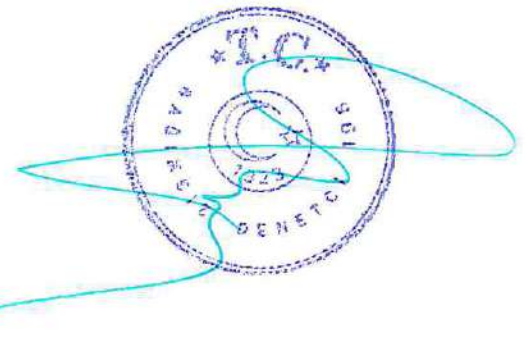
## 2.2. Changes in Accounting Policies

Significant changes in accounting policies and identified significant accounting errors are applied, retrospectively and the prior period financial statements are restated. The Company has applied their accounting policies consistent with the previous financial year.

## 2.3. Changes in the Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods. They are recognized both in the period where the change is applied and future periods prospectively. Correction of error are considered by retrospectively and the prior period financial statements are restated.

The preparation of financial statements in accordance with the Reporting Standards requires that management is to apply policies, to make decisions affected by reported amounts of assets, liabilities, income and expenses to make estimates and assumptions. Actual results may differ from these estimates. The estimates and the assumptions underlying estimates are constantly being reviewed. The updates to the accounting estimates are based on the period which is made the updates and on subsequent periods affected by these updates.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.4. Comparative Information and Adjustment Financial Statements of Previous Period

The current period financial statements and footnotes are presented comparatively with the prior period financial statements and footnotes. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when it is necessary.

The accounting principles are applied by the Company and showed consistency with accounting principles applied in previous periods.

The estimates and the assumptions underlying estimates are constantly being reviewed. The updates to the accounting estimates are based on the period which is made the updates and on subsequent periods affected by these updates.

### 2.5 New and Revised Turkish Accounting Standards

#### a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

None.

#### b) New and revised TAS applied with no material effect on the financial statements

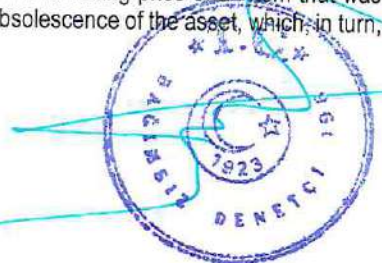
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to TFRS 11 and TFRS 1	<i>Accounting for Acquisition of Interests in Joint operations</i> <sup>1</sup>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1</i> <sup>2</sup>
Amendments to TAS 1	<i>Disclosure Initiative</i> <sup>2</sup>
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> <sup>2</sup>
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
TFRS 14	<i>Regulatory Deferral Accounts</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

### Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.



2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 New and Revised Turkish Accounting Standards

b) New and revised TAS applied with no material effect on the financial statements

**Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants**

This amendment includes 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for as a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

**Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations**

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

**Annual Improvements 2011-2013 Cycle**

**TFRS 1:** Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

**Amendments to TAS 1 Disclosure Initiative**

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

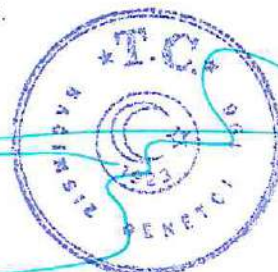
**Annual Improvements 2012-2014 Cycle**

**TFRS 5:** Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**TFRS 7:** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

**TAS 34:** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.5 New and Revised Turkish Accounting Standards

#### b) New and revised TAS applied with no material effect on the financial statements

##### **Amendments to TAS 27 *Equity Method in Separate Financial Statements***

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

##### **Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

##### **Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception***

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

##### **TFRS 14 *Regulatory Deferral Accounts***

TFRS 14 *Regulatory Deferral Accounts* permits an entity, which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

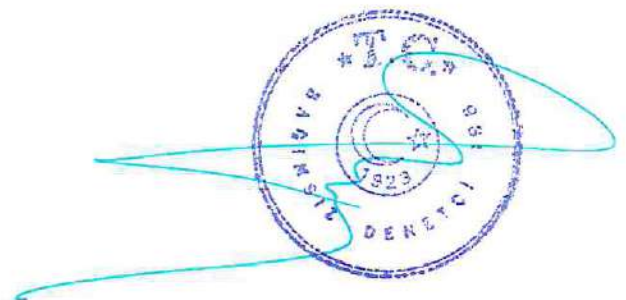
TFRS 14 also led to amendments in related provisions of TFRS 1.

#### c) New and revised TAS in issue but not yet effective

The Company has not applied the following new and revised TAS that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i> <sup>1</sup>
TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.





2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 New and Revised Turkish Accounting Standards

c) New and revised TAS in issue but not yet effective (Cont'd)

**IFRS 9 Financial Instruments**

IFRS 9, issued by Public Oversight Authority ("POA") in 2010, introduces new requirements for the classification and measurement of financial assets. IFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

IFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted unless before 1 February 2015.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.6. Summary of Significant Accounting Policies

#### a. Revenue Recognition

Interest, commission and fee income from factoring transactions are recognized on an accrual basis unearned portions of interest income from factoring transactions are also shown on an accrual basis. The doubtful factoring receivables are accounted for by deducting receivable receivables.

#### b. Financial Instruments

##### Financial Assets

Financial assets classified as financial assets at fair value through profit or loss and financial assets other than those at fair value through profit or loss are accounted for at the fair market value and the total amount of the expenditures that can be directly related to the purchase transaction. As a result of the purchase or sale of financial assets that are subject to the delivery condition of the investment instruments in accordance with the period determined by the related market are recorded or removed from recorded at the transaction date.

Financial assets are classified as "financial assets at fair value through profit or loss", "investments held-to-maturity", "available-for-sale financial assets" and "loans and receivables". The classification is determined at the time of initial recognition, depending on the purpose and nature of the acquisition of the financial asset.

##### Effective Interest Method

The effective interest method is the valuation of the financial asset at amortized cost and the redistribution method in which the relevant interest income is related. Effective interest rate which reduces the estimated cash receipts to be collected over the expected life of the financial instrument or, where appropriate, for a shorter period of time to the net present value of the related financial asset.

Income related to financial assets other than financial assets at fair value through profit or loss are calculated by using the effective interest method.

##### Fair Value Through Profit / Loss Assets

Financial assets at fair value through profit or loss are which held for trading purposes and not acquired for trading purposes and financial assets that are accounted for in this category during initial recognition. Financial assets are classified in the category, when a financial asset is acquired for short-term withdrawal or when it is concluded that a more accurate accounting presentation will be achieved during initial accounting. Financial assets that are derivative financial instruments that are not designated as an effective hedge against financial risk are also classified as financial assets at fair value through profit or loss.

Private sector investments based on credit, which are included in financial investments, are classified as trading securities for purchase and sale. Valuation gains and losses are recognized at fair value to be reflected in income statements in their subsequent valuation. Investments are where there is no reliable fair value, are valued at the discounted cost value. The discounted cost is calculated by the effective interest rate method.

##### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.6. Summary of Significant Accounting Policies (Cont'd)

#### b. Financial Instruments (Cont'd)

##### Available-For-Sale Financial Assets

Company that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Company also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at fair value. Similarly, investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since the fair value of these investments cannot be measured reliably. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss.

Available-for-sale monetary assets denominated in foreign currencies are determined on the basis of the currency in which the fair value is expressed and it is converted from the valid currency at the end of the reporting period. Foreign exchange gains / (losses) recognized in the income statement are determined based on the monetary asset's amortized cost value. Other foreign exchange gains and losses are recognized in other comprehensive income.

##### Factoring Receivables and Other Receivables

Factoring receivables and other receivables are accounted at their fair value at the date of initial recognition during the reporting periods after the first registration date, other receivables other than factoring receivables are stated at amortized cost by using the effective interest method. Factoring transactions are presented with their carrying values in subsequent reporting periods. During the first registration of factoring receivables, the prediction is that the registered values approximate to its fair value due to the consideration of the discount.

Specific provisions and free provisions are reserved for factoring receivables in accordance with the "Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No. 28861 dated 24 December 2013 by BRSA.

##### Impairment in Financial Assets

Financial assets other than financial assets at fair value through profit or loss, are assessed whether any indication that a financial asset or a group of financial assets has suffered an impairment at each balance sheet date. When the occurrence of one or more events after the initial recognition of the financial asset and when there is an objective evidence that the related impairment loss is impaired as a result of the impact on the estimated future cash flow of the related financial asset or group of assets that can be reliably estimated, is depreciated and impairment loss occurs. The impairment loss for loans and receivables is the difference between the present value of the expected future cash flows which is discounted at the financial asset's original interest rate, and the carrying amount.

Except factoring receivables, the impairment is directly deducted from the carrying amount of the related financial asset in all other financial assets. In case the receivables cannot be collected, the respective amount is deducted from the provision account. Changes in the provision account are recognized in the income statement.

Except for available-for-sale equity instruments, if the impairment loss decreases in the following period and if the decrease can be associated with an event occurring after the recognition of the impairment loss, in case the impairment of the investment has never been accounted at the date on which the previously recognized impairment loss impairment is to be cancelled, it is cancelled in profit / loss as not exceeding the amount of the amortized cost.



**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)**

**2.6. Summary of Significant Accounting Policies (Cont'd)**

**b. Financial Instruments (Cont'd)**

**Cash and Cash Equivalents**

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits. The book value of these assets approximates their fair value.

**Derivative Financial Instruments and Financial Liability Protection Accounting**

The activities of the Company primarily expose the entity and expose it to financial risks that are subject to changes in interest rates. The company use derivative financial instruments (mainly exchange rate forward contracts) in order to manage the financial risks associated with currency and interest rate fluctuations related to future foreign currency and credit transactions. Derivative financial instruments are recorded at fair value at the date of the contract and are accounted for at fair value at subsequent reporting periods. Derivative financial instruments are recognized as held for trading because all necessary conditions are not fulfilled in order to be recognized as an item in hedge of hedge accounting, while providing hedge accounting. And the gain or loss realized by means of the related instruments is associated with the profit and loss statement.

**Financial Liabilities**

The Company's financial liabilities and equity instruments are classified in accordance with the definition of a contractual arrangement, a financial obligation and a tool based on equity. The contract representing the right of remaining assets after deducting all debts of the Company, is a financial instrument based on equity.

The accounting policies applied for based upon certain financial liabilities and equity instruments are given below.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

**Fair Value Difference Financial Liabilities Reflected in Profit or Loss**

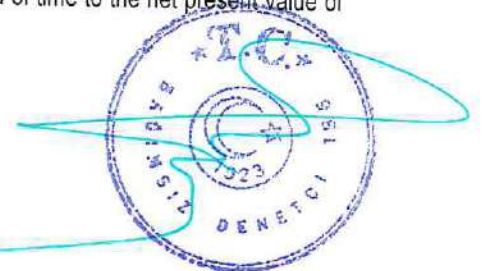
Financial liabilities at fair value through profit or loss are accounted for at fair value and they are revalued at the balance sheet date at fair value at each reporting period. The change in fair value is recognized in the income statement. Net gains or losses recognized in the income statement also include the interest paid for such financial liability.

**Other Financial Liabilities**

Other financial liabilities, including financial liabilities, are initially recognized at fair value, net of transaction costs.

Other financial liabilities are accounted with the interest rate calculated over the effective interest rate in subsequent periods and amortized cost using the effective interest method.

The effective interest method is the calculation of the amortized cost of the financial liability and the way in which the related interest expense is related to the redistribution. Effective interest rate which reduces the estimated cash receipts to be collected over the expected life of the financial instrument or, where appropriate, for a shorter period of time to the net present value of the related financial asset.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.6. Summary of Significant Accounting Policies (Cont'd)

#### c. *Tangible Fixed Assets and Depreciation*

Tangible assets are reflected accumulated depreciation and permanent value losses by deduction from the carrying value of the items accounted for using the effective interest method as of 31 December 2004 for items that were acquired before 01 January 2005 and the purchase cost value for items purchased after 31 December 2004.

Depreciation is amortized on a straight-line basis over the estimated useful lives of the tangible assets. Estimated useful lives of the related assets are as follows:

	<b>Years</b>
Furniture and fixtures	5 -10

Profit or loss arising from deduction of tangible assets are determined by comparing the amounts recovered and the amounts collected. And it is reflected in related income and expense accounts in the current period.

Costs of providing new products or services including costs of opening a new activity, advertising costs; costs to do business in a new location or with a new customer segment including training cost of staff; costs such as general management costs cannot be directly associated with the asset, thus, not included in the acquisition cost due to the fact that they are not included in the purchase price of the tangible asset and because the asset is not put in place to bring it into the necessary position and status so that it can operate in the direction of the management's objectives.

#### d. *Intangible Assets and Depreciation*

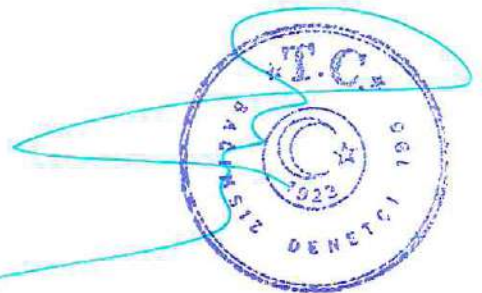
The intangible assets are taken into the financial statements in according with the criteria of being identifiable, having control over the related resource and the existence of an economic benefit expected to be obtained in the future. In this framework, expenditures related to training activities, expenditures related to advertising and promotional activities, partially or fully reorganization expenditures and expenditure on initial activities, except those that can be included in the cost of tangible assets are taken into financial statements as expense when they are accrued.

#### e. *Impairment of Assets*

The impairment test is applied when it is not possible to recover the carrying amount for assets subject to repayment or when events occur. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the big one of the fair value or value in use after deduction of the selling costs. For the purpose of assessing impairment, assets are grouped at the lowest level where the identifiable cash flows are present (cash-generating units). Non-financial assets subject to impairment are reviewed at each reporting date for possible cancellation of impairment.

#### f. *Capital Increases*

Capital increases from existing shareholders are approved and registered at annual general meetings and they are accounted over their nominal values.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.6. Summary of Significant Accounting Policies (Cont'd)

#### g. Provisions for Severance Payment

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as TAS 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

#### h. Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### i. Borrowing Costs

All borrowing costs are recorded in the income statement for the periods in which are incurred.

#### j. The Effects of Changes in Foreign Exchange Rates

The financial statements of each Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Turkish Liras (TRY).

The exchange rates used by the Company as of June 30, 2017 and December, 31 2016 are as follows:

		TRY / USD	TRY / EUR	TRY / GBP
June 30, 2017	:	3.5071	4.0030	4.5413
December 31, 2016	:	3,5192	3,7099	4,3189

A foreign currency transaction should be recorded initially at the rate of exchange at the date of the transaction. Assets and liabilities for each statement of financial position presented are translated to Turkish Liras (TRY) at the buying rate of TCMB at the date of that balance sheet.

#### k. Earnings per Share

Earnings per share are determined by dividing net income by the weighted average number of shares outstanding during the year. The shares of the Company by distributing shares to existing shareholders from retained earnings and allowable reserves ("Bonus Shares") to increase their capital. When calculating earnings per share, these shares are considered as issued shares. The weighted average number of shares used in earnings per share computations is derived by issuing bonus shares is regarded as backward.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 2.2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

#### 2.6. Summary of Significant Accounting Policies (Cont'd)

##### *l. Subsequent Events*

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement on the Company's profit or following the publicly disclosed financial information.

The Company restates its financial statements if such adjusting subsequent events arise.

##### *m. Finance Leasing*

Leasing – The Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Acquired assets, lease, rental, or at the date the fair value of the asset at the lower of the present value of the minimum lease payments is activated by using. The corresponding liability to the lessor is shown in the balance sheet as a finance lease obligation. Finance lease payments finance charges and reduction of the lease obligation are divided as to the payment of the principal that provides, and thus allows us to calculate interest on the balance remaining principal of the debt at a fixed rate.

Financial expenses the Company's general policy details, which include financing costs capitalized within the scope of the above except for the portion of the borrowing are recognized in profit or loss. Contingent rents are recorded as an expense in the period in which they are incurred.

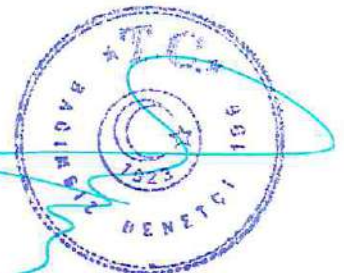
##### *n. Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. The subsidiaries of the Company have deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future.

Deferred tax assets and liability are not recognized in which case arising from initial recognition of goodwill or an asset/liability (except business combinations) which, at the time of the transaction, does not affect either the accounting or the taxable profit.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.6. Summary of Significant Accounting Policies (Cont'd)

#### n. Taxation (Cont'd)

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, are only recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. Deferred tax assets or a portion of the deferred tax asset will allow to obtain the full benefits of sufficient taxable income to the extent that it is not possible, reduce the carrying value of deferred tax assets.

Deferred taxes assets resulted from these types of investments and shares are calculated under the condition that it has the high probability that the related differences will be extinct in the future and the adequate profit will be gain to exploit these differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the balance sheet date. The measurement reflects the entity's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

Items which are associated with items recognized directly in equity or accounted as liabilities or current tax, except for those arising from initial recognition of business combinations and deferred tax are accounted as expense or income in the income statement. The tax effect is taken into account in the business combination, in the calculation of goodwill or in determining the excess of the cost of the acquisition over the fair value of the acquire identifiable assets, liabilities and contingent liabilities of the acquired subsidiary.

#### o. Cash Flow Statement

In the cash flow statement, cash flows for the period in a format that is classified according to the investment and financing activities.

Cash flows from operating activities represent the cash flows of the Company's operations. Cash flows related to investing activities shows the Company's investment activities (asset investments and financial investments).

Cash flows relating to financing activities represent the resources used in the Company's financing activities and the repayment of these funds.





**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)**

**2.6. Summary of Significant Accounting Policies (Cont'd)**

**r. Related Party**

The ability of a party to be considered as a related party to the Company depends on the following criteria:

- (a) The subject party, directly or indirectly through one or more intermediaries:
- (i) Has control or joint control over the reporting entity; (including subsidiaries and affiliates in the same business segment subsidiaries)
  - (ii) has significant influence over the reporting entity; or
  - (iii) has joint control over the reporting entity,
- (b) The party is a subsidiary of the entity;
- (c) The party has a business partnership that the entity is a joint venture;
- (d) The party is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (e) The party is a close family member of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or under significant influence, or in which any individual referred to in (d) or (e) has significant voting rights, directly or indirectly, or
- (g) It requires that the entity has benefit plans that are provided to the employees of the entity or an entity that is a related party of the entity after they leave the company.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. In the following financial statements, the shareholders of the Company, its affiliates and the companies associated with them, their key managers and other known groups are referred to as related parties.

**s. Segment Reporting**

Reporting of Financial Information by Segments is reporting in accordance with different kinds of products and services produced financial information and different geographic regions where the business operates about the better understanding of the past performance of the enterprises by the financial statement users, the better assessment of risks and yields and being able to make a more accurate decision about the enterprise as a whole.

**t. Government Incentives and Grants**

All government grants, including grants non-monetary government stated at fair value, reasonable assurance can be obtained by businesses will be fulfilled and the grants by the company's requirements for obtaining recognized in the financial statements when they are incurred.

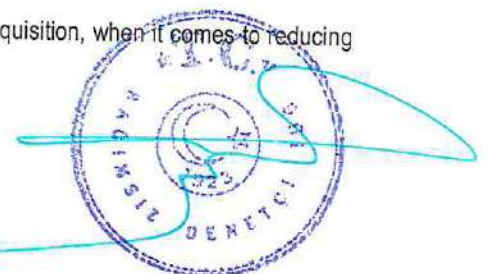
It may be waived loans obtained from the state, in the event there is a reasonable assurance that the company will fulfill the conditions of the waiver is accepted as a government grant. The Company does not have any incentives or grants as of 30 June 2017 and 31 December 2016.

**u. Non-Current Assets Held for Sale and Discontinued Operations**

**i) Non-Current Assets Held for Sale**

If the company intends to purchase a fixed asset and if the sale is likely to occur within 12 months, the related asset is classified as held for sale in the statement of financial position. Equipment held for sale are valued at the lower of carrying amount or fair value. Recoverability of the carrying amount is measured not by the use of the asset but by sale.

Assets received as collateral by the Company are classified as held for sale after their acquisition, when it comes to reducing the cash collection ability of the funds used.



## AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

#### 2.6. Summary of Significant Accounting Policies (Cont'd)

##### u. Non-Current Assets Held for Sale and Discontinued Operations (Cont'd)

###### ii) Discontinued Operations

An entity is a party to a binding sales contract for almost all of the assets that can be directly attributed to the discontinued operation or approval of a detailed and formal plan by the board of directors or similar managing body concerning the suspension or if an announcement is made about the related plan, Public disclosure is made.

Related provisions are complied with in the scope of impairment of assets in discontinued operations on the basis of financial statements and valuation principles, provisions, contingent assets and liabilities, tangible assets, and benefits The Company has no discontinued operations as of 30 June 2017 and 31 December 2016.

### 3. BUSINESS COMBINATIONS

None. (December 31, 2016 - None).

### 4. JOINT VENTURES

None. (December 31, 2016 - None).

### 5. SEGMENT REPORTING

None. (December 31, 2016 - None).

### 6. CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK

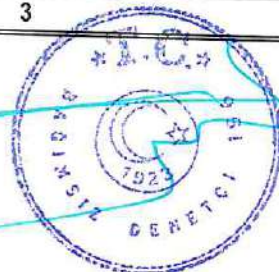
	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Cash register	5.521	--	7.699	--
	5.521	--	7.699	--

### 7. FAIR VALUE DIFFERENCES REFLECTED P/L (Net)

None. (December 31, 2016 - None).

### 8. BANKS

	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Demand deposit	220.254	3	440.652	11.662
Term deposit	--	--	240.000	--
	220.254	3	680.652	11.662



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**9. RECEIVABLES FROM REVERSE REPO TRANSACTIONS**

None. (December 31, 2016 - None).

**10. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)**

	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Capital Stock	960.000	--	960.000	--
Birikim Varlık Yönetim A.Ş.	950.000	--	950.000	--
Final Varlık Yönetim A.Ş.	10.000	--	10.000	--
	960.000	--	960.000	--

Company has shares with 0,10% and TRY 10.000 on behalf of Birikim Varlık Yönetim A.Ş. and 1,90% and amount to TRY 950.000 on behalf of Final Varlık Yönetim A.Ş.

**11. FACTORING RECEIVABLES / PAYABLES****a. Factoring Receivables**

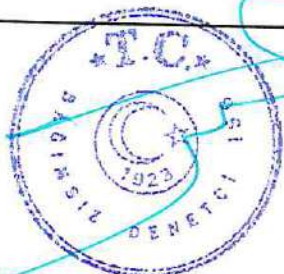
	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Discounted factoring receivables	339.862.732	--	320.977.558	--
Other factoring receivables	59.074.037	--	86.326.944	--
Restructured factoring receivables	15.075.900	--	15.565.100	--
Interest income accrual of factoring receivables	1.871.446	--	3.005.561	--
Unearned interest income from factoring receivables (-)	(21.882.093)	--	(19.986.656)	--
	394.002.020	--	405.888.506	--

Maturity distribution of factoring receivables:

30.6.2017	Up to	Up to	Between 3	Between 1	Total
	1 month	3 months	months and 1 year	month and 5 years	
Factoring receivables	58.319.600	135.463.920	186.584.380	13.634.120	394.002.020

31.12.2016	Up to	Up to	Between 3	Between 1	Total
	1 month	3 months	months and 1 year	month and 5 years	
Factoring receivables	51.266.995	135.186.676	200.701.724	18.733.112	405.888.506



## AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

### 11. FACTORING RECEIVABLES / PAYABLES – (Cont'd)

#### a. Factoring Receivables – (Cont'd)

The details of factoring receivables according to the sectors are as follows;

Sector	30.6.2017	31.12.2016
	Amount ('000)	Amount ('000)
Construction	100.056	66.612
Textile and textile products industry	88.225	96.945
Hotels and restaurants (tourism)	37.558	6.723
Machinery and equipment industry	26.681	3.775
Transport vehicles industry	24.608	20.556
Other social and personal services	22.378	24.318
Removing mines that produces energy	18.560	14.734
Wholesale and retail trade services	17.462	31.065
Other manufacturing industry	17.038	32.371
Chemical and chemical products and synthetic industry	16.595	15.319
Metal main industry and processed material production	11.043	2.437
Transport, storage and communication	9.155	28.668
Leather and leather products industry	7.864	11.496
The paper and paper products industry	7.429	13.260
Agriculture	5.306	18.456
Other non-metallic industry	2.588	13.764
Rubber and plastic products industry	2.191	4.706
Electrical and optical appliances industry	647	1.472
Food, beverage and tobacco industry	500	19.198
	<b>415.884</b>	<b>425.875</b>

#### b. Factoring Payables

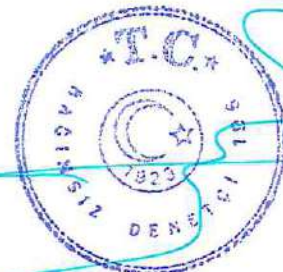
As at 30 June 2017 and 31 December 2016, the details of short-term factoring payables are as follows:

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Factoring payables	1.079.167	--	2.197.011	--
	<b>1.079.167</b>	<b>--</b>	<b>2.197.011</b>	<b>--</b>

Factoring payables represent amounts that have been collected on behalf of the factoring customers and which have not yet been deposited into the accounts of the related factoring customers.

### 12. FINANCE CREDITS

None. (December 31, 2016 – None.)



**AK FAKTORİNG ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**13. RECEIVABLES / PAYABLES FROM LEASING TRANSACTIONS**

None. (December 31, 2016 – None.)

**14. OTHER RECEIVABLES / PAYABLES**

**a) Other Receivables**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Miscellaneous receivables	1.980.435	--	2.030.053	--
<i>BSMV from customers</i>	1.177.981	--	1.258.301	--
<i>Other</i>	802.454	--	771.752	--
	<b>1.980.435</b>	<b>--</b>	<b>2.030.053</b>	<b>--</b>

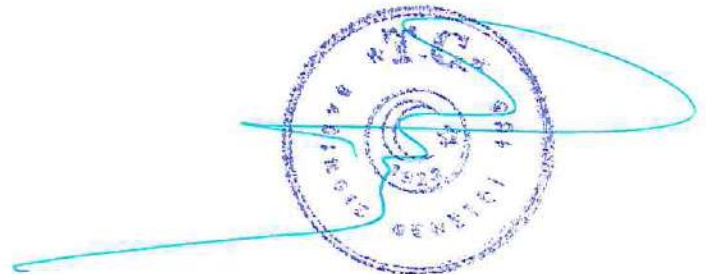
**b) Other Payables**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Miscellaneous debts	376.037	--	285.556	--
Miscellaneous debts	361.476	--	283.210	--
Miscellaneous debts (Note 42.2)	--	--	--	--
<i>Debts to other parties</i>	361.476	--	283.210	--
<i>Due to personnel</i>	14.561	--	2.345	--
	<b>376.037</b>	<b>--</b>	<b>285.556</b>	<b>--</b>

**15. NON-PERFORMING RECEIVABLES**

As of June 30, 2017, and December 31, 2016, the details of the non-performing factoring receivables and provision of the Company are as follows:

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Non-performing receivables	23.421.706	--	21.856.679	--
Special provisions (-)	(18.308.071)	--	(8.678.472)	--
<b>Non-performing receivables, net</b>	<b>5.113.635</b>	<b>--</b>	<b>13.178.207</b>	<b>--</b>



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 15. NON-PERFORMING RECEIVABLES – (Cont'd)

	30.6.2017		31.12.2016	
	Total non-performing factoring receivables	Provision	Total non-performing factoring receivables	Provision
Overdue within 1-3 months	--	--	--	--
Overdue within 3-6 months	1.665.990	(333.198)	4.537.344	(468.626)
Overdue within 6-12 months	4.753.668	(972.824)	17.319.335	(8.209.846)
Overdue within 1 years and more	17.002.049	(17.002.049)	--	--
	<b>23.421.706</b>	<b>(18.308.071)</b>	<b>21.856.679</b>	<b>(8.678.472)</b>

The movement of provision for factoring receivables as of 01 June 2017 and 31 December 2016 is as follows

	30.6.2017	31.12.2016
Opening balance, January 01	(8.678.472)	(8.629.410)
Expenses for the period (Note 39)	(9.818.796)	(14.991.536)
Transferred receivables (*)	--	14.838.386
Cancelled provisions (Note 38)	189.197	104.088
<b>Closing balance</b>	<b>(18.308.071)</b>	<b>(8.678.472)</b>

(\*) (31.12.2016 ; The Company has transferred its factoring receivables to " Final Varlık Yönetim A.Ş. " which were booked as provision totally before and has no possibility to collect.

#### 16.DERIVATIVE AND FINANCIAL ASSETS AND LIABILITIES

None. (December 31, 2016 – None.)

#### 17.INVESTMENTS HELD TO MATURITY (Net)

None. (December 31, 2016 – None.)

#### 18.SUBSIDIARIES (Net)

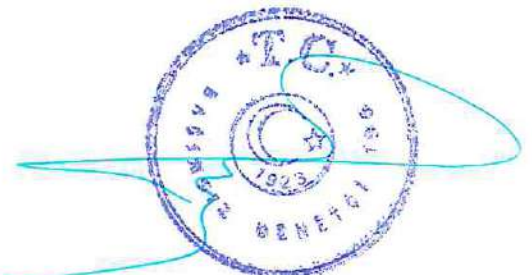
None. (December 31, 2016 – None.)

#### 19.JOINT VENTURES (Net)

None. (December 31, 2016 – None.)

#### 20.AFFILIATES (Net)

None. (December 31, 2016 – None.)



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 21. TANGIBLES (Net)

Movements of property, plant and equipment for the period 01 January - 30 June 2017 and 01 January - 31 December 2016 are as follows:

Cost	Furniture and fixtures
<b>December 31, 2015</b>	<b>833.290</b>
Additions	87.418
Disposals (-)	--
<b>December 31, 2016</b>	<b>920.708</b>
Additions	22.756
Disposals (-)	(10.006)
<b>June 30, 2017</b>	<b>933.458</b>
<b>Accumulated Depreciation</b>	
<b>December 31, 2015</b>	<b>295.286</b>
Additions	183.382
Disposals (-)	--
<b>December 31, 2016</b>	<b>478.668</b>
Additions	90.386
Disposals (-)	(10.144)
<b>June 30, 2017</b>	<b>558.910</b>
<b>Net registered value</b>	
<b>December 31, 2015</b>	<b>538.004</b>
<b>December 31, 2016</b>	<b>442.041</b>
<b>June 30, 2017</b>	<b>374.547</b>



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

22.INTANGIBLES (Net)

Movements of intangibles for the period 30 June 2017 and 31 December 2016 are as follows

Cost	Rights
<b>December 31, 2015</b>	<b>232.179</b>
Additions	227.498
Disposals (-)	--
<b>December 31, 2016</b>	<b>459.677</b>
Additions	1.765
Disposals (-)	(3.209)
<b>June 30, 2017</b>	<b>458.233</b>
<b>Accumulated Depreciation</b>	
<b>January 01, 2015</b>	<b>185.888</b>
Additions	58.804
Disposals (-)	--
<b>December 31, 2015</b>	<b>244.692</b>
Additions	31.063
Disposals (-)	(3.209)
<b>June 30, 2017</b>	<b>272.546</b>
<b>Net registered value</b>	
<b>December 31, 2015</b>	<b>46.291</b>
<b>December 31, 2016</b>	<b>214.985</b>
<b>June 30, 2017</b>	<b>185.687</b>





## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 23. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Prepaid interest expenses	4.566.424	--	4.413.701	--
Other	187.881	--	231.175	--
	<b>4.754.305</b>	<b>--</b>	<b>4.644.876</b>	<b>--</b>

Deferred Income	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Commission income collected for cash	692.805	--	511.689	--
	<b>692.805</b>	<b>--</b>	<b>511.689</b>	<b>--</b>

#### 24. TAX ASSETS AND LIABILITIES

##### a) Corporate Tax

In Turkey, the corporation tax rate of the fiscal year 2017 is 20% (December 31, 2016: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (such as research and development expenditure allowances). No further tax is payable unless the profit is distributed.

The Law on the Amendment to the Tax Procedural Law, the Income Tax Law and the Corporate Tax Law No. 5024 published in the Official Gazette on 30 December 2003, income or corporation's taxpayers who determine their earnings on a balance sheet basis prepares their financial statements by adjusting the inflation since January 01, 2004. According to the law, for making inflation adjustment, the cumulative interest rate (DIE TEFE increase rate) of last 36 months exceeding %100 and last 12 months (DIE TEFE increase rate) exceeding %10. Inflation adjustment was not made for 2008, 2009 and 2010 as these conditions were not met.

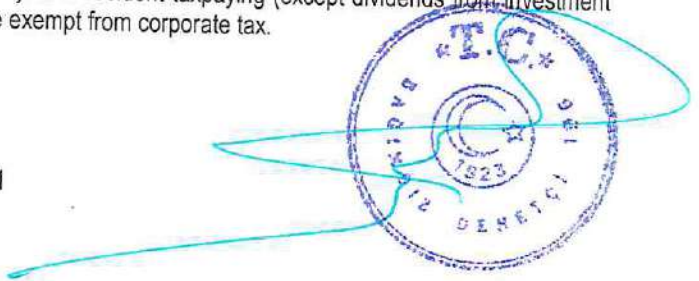
Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Companies declare their advance tax returns at 20% (2016: 20%) on their quarterly financial profits and pay until the 14th day of the second month following that period and pay till the 17th day. The temporary tax paid during the year shall be deducted from the corporation tax that will be calculated on the tax declaration of the institutions that will be given in the following year. If the temporary tax amount paid remains despite the indictment, this amount can be refunded, or any other financial debt to the state can be deducted.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

##### *Exemption for Domestic Participation Gains:*

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 24. TAX ASSETS AND LIABILITIES – (Cont'd)

##### a) Corporate Tax – (Cont'd)

###### *Emission Premium Exemption*

The issued shares that are from the foundation of incorporated company or increasing capital, emission premium gains from excess of nominal value are exempt from corporate tax.

###### *Exemption for Foreign Affiliate Earnings*

The Company that has no legal head office located in Turkey, participating in 10% or more of the corporation for at least one year continuously for a period of one year from the capital of a joint stock company or limited liability company, At least 15% (the main activity subject to financing or insurance companies, at least the rate of the corporate tax applied in Turkey), and the transfer of the taxes to the Turkey until the taxation declaration of the annual corporations related to the taxation period Subsidiary earnings are exempt from corporate tax.

###### *Exemption from Sales Gains for Real Estate, Subsidiary Share, Subscription Right, Founder and Pre-emptive Bonds*

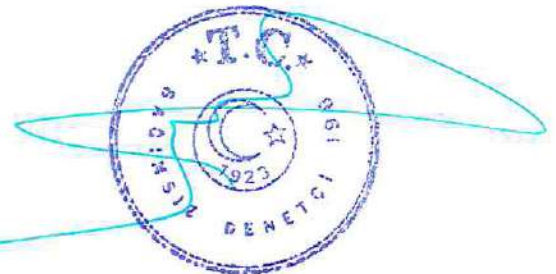
75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration must be collected up until the end of the second calendar year following the year the sale was realized.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

###### *Transfer Pricing*

Article 13 of Corporation Tax Law numbered 5520 introduces new arrangements about the transfer pricing came into force as of 1 January 2007. Significant changes took place in the arrangements related to the transfer pricing following the respective article based on the transfer pricing guidance of EU and OECD. In this framework, the entities are required to use the prices or amounts to be determined according to the peers for the purpose of sales or service buy and sale transactions carried out with affiliated persons. The principle of suitability with the peers means that the price or amount to be used for the purpose of goods or service buy and sale carried out with the affiliated persons is suitable for the price or amount that would have arisen if there had been no relation between them. The entities will determine the prices or amounts suitable for the peers that will be applied for the purpose of transactions carried out with the affiliated persons by using the methods laid out in the respective law according to the nature of the transaction.



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**24. TAX ASSETS AND LIABILITIES – (Cont'd)****a) Corporate Tax – (Cont'd)**

The details of current tax asset / (liability) as of June 30, 2017 and December 31, 2016 are as follows:

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Corporate tax	886.550	--	3.158.290	--
Prepaid taxes and funds (-)	(65.353)	--	(1.949.980)	--
<b>Total tax assets / (liabilities), net</b>	<b>821.197</b>	<b>--</b>	<b>1.208.311</b>	<b>--</b>

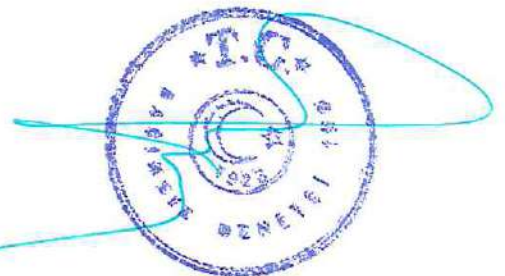
**b) Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities.

The rate to be applied to deferred tax assets and liabilities calculated using liability method over temporary differences in the prospective periods is 20% for the Company

Movement of deferred tax details in the periods ended on June 30, 2017 and December 31, 2016 are as follows:

	Cumulative temporary difference		Deferred tax	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
<b>Deferred tax assets:</b>				
Provision for severance pay	(254.357)	(474.313)	50.871	94.863
Provision for unused annual leave	(164.824)	(192.804)	32.965	38.561
Intangible and intangibles	(122.218)	1.219	24.444	(244)
<b>Total deferred tax assets</b>	<b>(541.400)</b>	<b>(665.898)</b>	<b>108.280</b>	<b>133.180</b>
<b>Deferred tax liabilities:</b>				
Intangible and intangibles	--	--	--	--
<b>Total deferred tax liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Deferred tax assets, net</b>	<b>(541.400)</b>	<b>(665.898)</b>	<b>108.280</b>	<b>133.180</b>



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**24. TAX ASSETS AND LIABILITIES – (Cont'd)****b) Deferred Tax Assets and Liabilities – (Cont'd)**

Movement of tax assets / (liabilities)	30.6.2017	31.12.2016
Opening balance, January 01	133.180	72.262
Deferred tax income / (expense)	(24.900)	60.918
<b>Closing balance</b>	<b>108.280</b>	<b>133.180</b>

**c) Provision for Operating Tax**

The tax provision in the profit and loss statements is summarized below:

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Current period tax income / (expense), net	(886.550)	(821.811)	(1.048.950)	(13.157)
Deferred tax income / (expense), net	(24.900)	12.086	28.490	15.605
	<b>(911.450)</b>	<b>(809.724)</b>	<b>(1.020.460)</b>	<b>2.448</b>

**d) Taxes and Liabilities to be Paid**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
BSMV	538.238	--	351.923	--
SSI premiums to be paid	124.075	--	241.882	--
Income tax	91.252	--	108.610	--
SSI premiums to be paid	3.046	--	3.192	--
	<b>756.611</b>	<b>--</b>	<b>705.606</b>	<b>--</b>

**25. OTHER ASSETS**

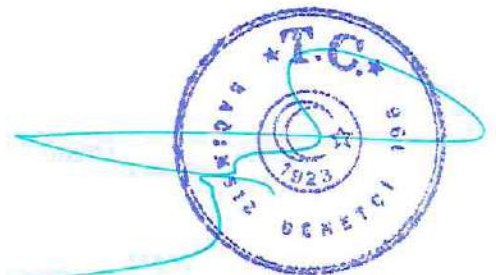
None. (December 31, 2016 – None.)

**26. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET) AND PAYABLES****a) Assets Held for Sale**

None. (December 31, 2016 – None.)

**b) Discontinued Operations**

None. (December 31, 2016 – None.)



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**27. BANK LOANS**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Bank loans	141.924.193	--	242.594.087	--
Funds provided from factoring companies	116.517.840	--	75.100.101	--
Funds provided from group companies	38.550.000	--	--	--
Interest accrual	3.215.599	--	5.034.668	--
	<b>300.207.631</b>	<b>--</b>	<b>322.728.856</b>	<b>--</b>

**28. ISSUED BONDS AND SECURITIES (Net)**

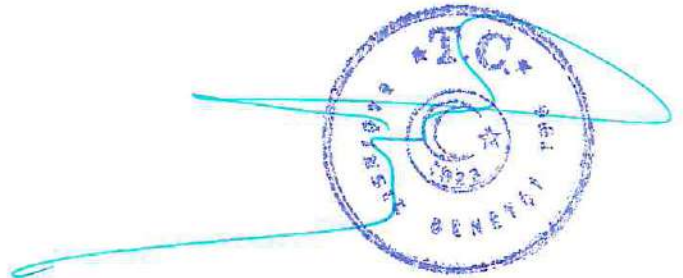
	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Issued securities	40.000.000	--	40.000.000	--
<i>Bonds</i>	40.000.000	--	40.000.000	--
<i>Securities</i>	--	--	--	--
Interest of securities/bonds issued	627.175	--	606.377	--
<i>Bonds</i>	627.175	--	606.377	--
<i>Securities</i>	--	--	--	--
	<b>40.627.175</b>	<b>--</b>	<b>40.606.377</b>	<b>--</b>

As of June 30, 2017

The Company has issued bonds with a maturity of one year with a value of TRY 40.000.000 as of August 25, 2016. As of the end of the period, interest accrued TRY 627.175. Fees coupon payments were made on November 24, 2016, February 23, 2017, May 25, 2017 and the other coupon payment will be made with the payment of principal on August 24, 2017.

As of December 31, 2016

The Company has issued bonds with a maturity of 1 year with a value of TRY 40.000.000 as of August 25, 2016. Interest which is amounted to TRY 606.377 accrued as of the end of the period. The first interest coupon payment will be made on November 24, 2016 and the other coupon payments were made on February 23, 2017, May 25, 2017 and August 24, 2017. All the principal payment was made with the last coupon payment. The board of directors' decision on October 31, 2016 regarding the issuance of bonds amounting to TRY 110.000.000 had been taken and the approval of the CMB is expected for issuance.



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 29. OTHER LIABILITIES

None. (December 31, 2016 – None.)

#### 30. PAYABLES AND EXPENSE PROVISION

	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Provision for severance pay	254.357	--	474.313	--
Provision for unused annual leave	164.824	--	192.804	--
Other provisions	--	--	105.000	--
	<b>419.182</b>	<b>--</b>	<b>772.117</b>	<b>--</b>

#### EMPLOYEE BENEFITS

##### Provision for severance pay

In accordance with the provisions of the current Labor Code, there is a liability to pay severance pay to employees if the contract is terminated in the way to entitled to take severance pay. Furthermore, in accordance with the Social Insurance Law No: 506 dated March 6, 1981, numbered 2422 and dated August 25, 1999, numbered 4447 and amended article 60 of the current Social Insurance Law, there is liability to pay severance pay to the employees who have right to leave job by taking severance pay.

The amount payable consists of one month's salary limited to a maximum of TRY 4.426,16 for each year of service as of June 30, 2017. (December 31, 2016: TRY 4.297,21).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at June 30, 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of %3,37 (2016: %1,12) real discount calculated by using %7,50 (2016: %8,53) annual inflation rate and %11,12 (2016: %9,75) discount rate.

#### 31. LOANS SIMILAR WITH CAPITAL

None. (December 31, 2016: None.)



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 32. EQUITY

##### 32.1. Paid in capital and capital reserves

The paid in capital of the Company is TRY 25.500.000 that is consisted of 25.500.000 shares that each share is amounting to TRY 1. (December 31, 2016: TRY 25.500.000 / 25.500.000 issued share.)

The owners and rates of the shares are as follows:

	30.6.2017		31.12.2016	
	%	Amount	%	Amount
Altınhas Holding A.Ş.	100,00%	25.499.700	100,00%	25.499.625
İnan Altınbaş	> 1	75	> 1	75
Hüseyin Altınbaş	> 1	75	> 1	75
Abdülhamit Yurt	--	--	> 1	75
Atila Keskin	> 1	75	> 1	75
Vedat Bayat	> 1	75	> 1	75
	<b>100,00%</b>	<b>25.500.000</b>	<b>100,00%</b>	<b>25.500.000</b>

There are no privileges granted to shares.

##### 32.2. Capital reserves

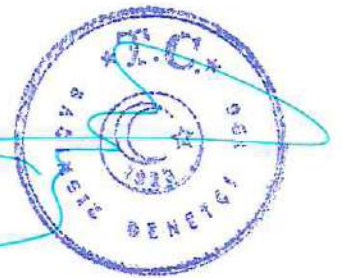
None. (December 31, 2016 – None.)

##### 32.3.a Other comprehensive income and expenses that will not be classified in profit or loss statement.

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Defined Benefit Plans Re-Measurement Gains / (Losses)	11.034	--	--	--
Deferred Tax Revenue / (Expense)	(2.207)	--	--	--
	<b>8.827</b>	<b>--</b>	<b>--</b>	<b>--</b>

##### 32.3.b Other comprehensive income and expenses that will be classified in profit or loss statement.

None. (December 31, 2016 – None.)



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**32. EQUITY – (Cont'd)****32.4. Profit Reserves**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Legal reserves	4.188.387	--	2.955.579	--
Extraordinary reserves	21.987.951	--	18.453.677	--
	<b>26.176.339</b>	<b>--</b>	<b>21.409.256</b>	<b>--</b>

**32.5. Retained Earnings**

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Net Profit 2016		7.500.000	--	--
		<b>7.500.000</b>	<b>--</b>	<b>--</b>

**32.6. Minority Interests**

None. (December 31, 2016 – None.)

**33. FACTORING INCOME**

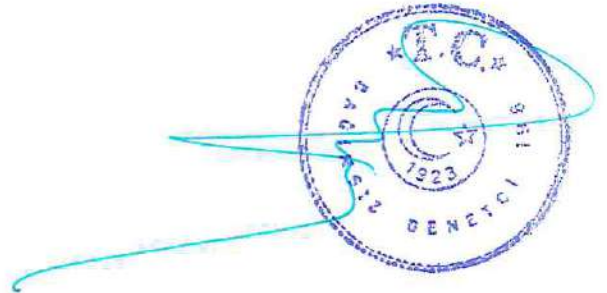
	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Interest income	44.227.874	20.928.686	44.489.811	21.820.784
Fee and commission income	1.163.359	573.067	389.190	167.666
	<b>45.391.233</b>	<b>21.501.753</b>	<b>44.879.002</b>	<b>21.988.450</b>

**34. FINANCE LOAN INCOME**

None. (January 01-June 30, 2016 – None.)

**35. LEASING INCOME**

None. (January 01-June 30, 2016 – None.)





**AK FAKTORİNG ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

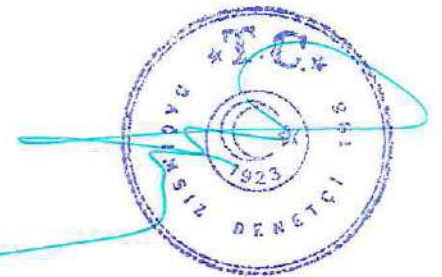
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**36. FINANCIAL EXPENSES**

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Interest paid to the loans used (Domestic)	(22.366.843)	(11.040.278)	(20.996.012)	(9.929.649)
Interest paid to the loans used (Foreign)	–	–	(341.707)	(169.915)
Interest expense on issued securities	(3.092.918)	(1.565.209)	(4.325.736)	(2.092.860)
Other interest expense	–	–	–	–
Fees and commission expenses	(1.463.530)	(718.803)	(1.303.110)	(539.527)
	<b>(26.923.291)</b>	<b>(13.324.290)</b>	<b>(26.966.564)</b>	<b>(12.731.951)</b>

**37. OPERATING EXPENSES**

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Personnel expenses	(3.094.844)	(1.480.497)	(2.898.465)	(1.481.447)
Provision for severance pay	(7.188)	(7.188)	(95.355)	(46.044)
Other expenses (Unused annual leave)	(68.270)	(25.174)	(47.093)	(31.981)
General operating expenses	(1.616.983)	(754.689)	(1.484.891)	(708.522)
Office rent and dues	(256.724)	(128.462)	(247.237)	(125.891)
Bank transaction costs	(290.930)	(149.121)	(233.505)	(102.485)
Vehicle rental expenses	(210.930)	(107.017)	(185.106)	(95.758)
Subscription fees	(149.914)	(64.092)	(191.547)	(98.910)
Depreciation and amortization expenses	(119.610)	(58.397)	(125.067)	(65.035)
Consultancy expenses	(148.145)	(30.236)	(128.842)	(32.124)
IT expenses	(110.135)	(55.486)	(62.526)	(36.852)
Legal cases expenses	(12.142)	(5.827)	(15.448)	(3.751)
Office expenses	(49.900)	(21.209)	(60.814)	(27.662)
Fuel expenses	(59.542)	(29.191)	(50.091)	(28.144)
Taxes and fees	(53.009)	(31.978)	(42.931)	(26.207)
Communication expenses	(30.159)	(17.727)	(44.405)	(22.656)
Transportation expenses	(23.608)	(15.218)	(24.220)	(12.113)
Stationery expenses	(20.856)	(10.733)	(15.742)	(7.299)
Travel expenses	(15.241)	(9.669)	(11.886)	(7.438)
Repair and maintenance expenses	(7.240)	(725)	(8.699)	(1.718)
Other	(58.897)	(19.603)	(36.824)	(14.480)
	<b>(4.787.284)</b>	<b>(2.267.548)</b>	<b>(4.525.803)</b>	<b>(2.267.994)</b>



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))**38. OTHER OPERATING INCOME**

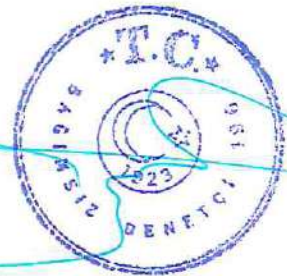
	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Foreign exchange profits	388.090	--	2.366.448	799.816
Interest income from banks	1.741	--	--	--
No longer required provision for factoring receivables (Note 15)	189.197	--	--	--
Other interest income	--	--	--	--
<i>Interest income from securities</i>	--	--	--	--
Other income except interest	288.242	52.729	3.696.851	3.685.441
<i>Other</i>	288.242	52.729	3.696.851	3.685.441
	<b>867.270</b>	<b>52.279</b>	<b>6.063.299</b>	<b>4.485.257</b>

**39. PROVISION FOR NON-PERFORMING RECEIVABLES**

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Special provision for non-performing receivables expenses (Note:15)	(9.818.796)	(1.820.197)	(11.978.684)	(10.384.002)
	<b>(9.818.796)</b>	<b>(1.820.197)</b>	<b>(11.978.684)</b>	<b>(10.384.002)</b>

**40. OTHER OPERATING EXPENSES**

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Foreign exchange losses	(277.963)	(67.529)	(2.326.958)	(1.056.189)
	<b>(277.963)</b>	<b>(67.529)</b>	<b>(2.326.958)</b>	<b>(1.056.189)</b>



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 41. EARNINGS PER SHARE

	January 01 – June 30, 2017	April 01 - June 30, 2017	January 01 – June 30, 2016	April 01 - June 30, 2016
Total issued shares at the beginning of the period	25.500.000	25.500.000	25.500.000	25.500.000
Issued bonus shares	--	--	--	--
Total issued shares at the end of the period	25.500.000	25.500.000	25.500.000	25.500.000
Total issued weighted average shares	18.728.022	18.728.022	18.728.022	18.728.022
<b>Net profit / (loss) (TRY)</b>	<b>3.539.718</b>	<b>3.265.194</b>	<b>4.123.831</b>	<b>36.019</b>
<b>Earnings per share (%)</b>	<b>18,90%</b>	<b>17,43%</b>	<b>22,01%</b>	<b>0,19%</b>
<b>Earnings per share (TRY)</b>	<b>0,19 TL</b>	<b>0,17 TL</b>	<b>0,22 TL</b>	<b>0,02 TL</b>

There is no privilege to participate in the profit of the company.

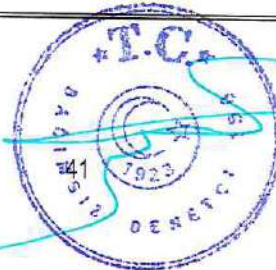
#### 42. DISCLOSURE OF RELATED PARTY

##### 42.1. Receivables from Related Parties

Receivables from related parties	30.6.2017	31.12.2016
<u>Receivables from group companies</u>		
<i>Altınhas Holding A.Ş.</i>	887	--
<i>Final Varlık Yönetim A.Ş.</i>	--	6.041.590
<b>Total</b>	<b>887</b>	<b>6.041.590</b>

##### 42.2. Due to Related Parties

Due to related parties	30.6.2017	31.12.2016
<u>Due to group companies</u>		
<i>Altınhas Holding A.Ş. (Other)</i>	--	--
<i>Altınhas Holding A.Ş. (Trade)</i>	38.842.916	192.473
<b>Total</b>	<b>38.842.916</b>	<b>192.473</b>



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**42. 42. DISCLOSURE OF RELATED PARTY – (Cont'd)****42.3. Guarantee, Pledges, Mortgages from Related Parties**

<b>Pledge</b>	<b>30.6.2017</b>	<b>31.12.2016</b>
- TRY	599.466.641	541.400.000
- EURO	4.000.000	4.000.000
- USD\$	18.300.000	18.300.000

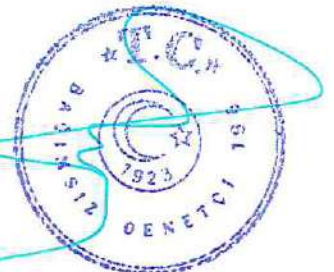
**42.4. Payments to Related Parties (Expenses)**

	<b>30.6.2017</b>	<b>31.12.2016</b>
<b>Altınhas Holding A.Ş.</b>	<b>3.184.380</b>	<b>4.486.171</b>
IT Expenses	58.257	73.568
Electrical Expenses	11.648	20.931
Internet Expenses	18.273	35.834
Office Fee Expenses	28.600	46.000
Office Rent Expenses	228.124	376.263
Bail Commission	1.379.530	2.635.449
Vehicle Rent Expenses	208.090	360.902
Vehicle Fuel	58.397	92.796
Miscellaneous Business Navigation	29.883	26.682
Representation and Hospitality Expenditures	--	11.274
Vehicle Expenses	7.759	12.749
Parking Expenses	10.889	19.525
Interest Rate	1.144.931	774.197
<b>Pama Mağazacılık A.Ş.</b>	<b>--</b>	<b>1.264</b>
Representation Expenses	--	1.264
	<b>3.184.380</b>	<b>4.487.436</b>

**42.5 Income from Related Parties**

	<b>30.6.2017</b>	<b>30.06.2016</b>
Final Varlık Yönetim A.Ş.	219.186	(*)3.600.000
<b>Total</b>	<b>219.186</b>	<b>3.600.000</b>

(\*) As of June 30, 2016 the receivables from 18 Companies that is amount to TRY 14.838.385 has been transferred to Final Varlık Yönetim A.Ş. and collected TRY 3.600.000



**AK FAKTORİNG ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**42. DISCLOSURE OF RELATED PARTY – (Cont'd)**

**42.6. Fees and Similar Benefits Paid to Senior Managers**

	30.6.2017	31.12.2016
Fees and similar benefits	89.006	630.000
	<b>89.006</b>	<b>630.000</b>

**43. CONTINGENT ASSETS AND LIABILITIES**

**43.1. Off Balance Sheet Commitments**

**a) Guarantees Taken**

As of June 30, 2017 and December 31, 2016, the guarantees received against the Company's factoring receivables are as follows;

	30.6.2017		31.12.2016	
	TRY	Other	TRY	Other
Guarantee checks from customers	2.233.057.371	--	1.993.207.231	--
Guarantee notes taken from customers	137.000	12.735.975	137.000	12.492.630
Customer mortgages	172.000.000	--	168.750.000	--
Customer pledges	9.489.950	--	1.655.000	--
	<b>2.414.684.321</b>	<b>12.735.975</b>	<b>2.163.749.231</b>	<b>12.492.630</b>

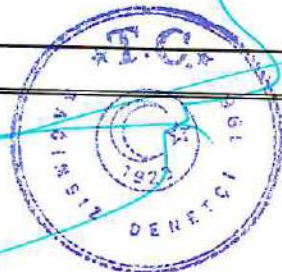
**b) Guarantees, Pledges and Mortgages Given (GPM)**

	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Letter of guarantee given	4.165.301	--	4.510.695	--
	<b>4.165.301</b>	<b>--</b>	<b>4.510.695</b>	<b>--</b>

**43.2. Securities**

As of June 30, 2017 and December 31, 2016, the assets held by the Company as factoring receivables are as follows;

	30.6.2017		31.12.2016	
	TP	YP	TP	YP
Customer cheques	352.031.354	14.874.980	352.556.616	18.723.276
Customer notes	91.283.908	13.604.767	78.968.328	15.037.834
	<b>443.315.262</b>	<b>28.479.747</b>	<b>431.524.944</b>	<b>33.761.110</b>



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 43. CONTINGENT ASSETS AND LIABILITIES – (Cont'd)

##### 43.3. Ongoing Lawsuits:

As of June 30, 2017:

The Company has started legal follow-up for TRY 18.308.071 of total receivables amounting to TRY 23.421.706.

In the accompanying financial statements, the necessary provisions are made with respect to the ongoing lawsuits filed by the Company.

As of December 31, 2016:

The Company has started legal follow-up for TRY 8.678.472 of total receivables amounting to TRY 21.856.679.

In the accompanying financial statements, the necessary provisions are made with respect to the ongoing lawsuits filed by the Company.

#### 44. COMMITMENTS

None. (December 31, 2016 - None.)

#### 45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

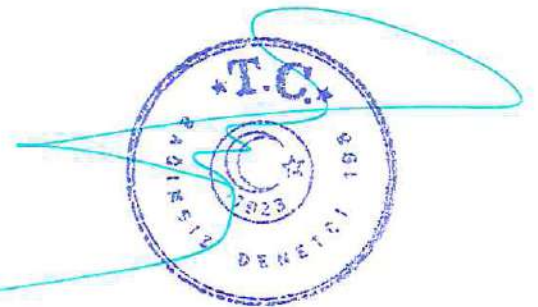
##### Risk Management Objectives and Principles

The significant financial instruments of Company are receivables from factoring operating, bank loans, bonds payables and financial payables that includes funds which was used by related parties. The main aim of these financial instruments is to operate the main activity and provide the funding source. The most important risks arising from the financial instruments of the Company are interest rate risk, liquidity risk, exchange risk and credit risk. The Company follows the related risks summarized below and developing policies mentioned below for those risks.

##### Credit Risk

Credit risk is the risk of suffering loss in terms of financial because of not meeting the obligation of financial instrument by the other side. The Company tries to manage the credit risk by limiting transactions and constantly valuating the reliability of the parties to whom it relates. According to company procedures, all customers who want to work with credits are passed through loan review stages and necessary guarantees are taken. In addition, the receivables are continuously monitored and the Company's suspicious credit / receivable risk is minimized.

The carrying values in the statement of financial position reflect the Company's maximum credit risk.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

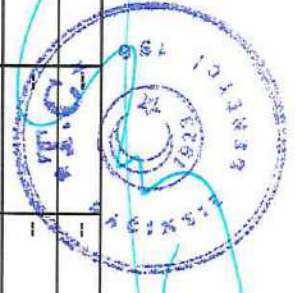
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

Credit Risk – (Cont'd)

	June 30 , 2017											Held assets until to maturity Financial loans Related party	
	Receivables												
	Trade receivables		Doubtful receivables		Financial loans		Other receivables		Banks Doubtful receivables Related party		Other receivables		
Related Party	Other Party	Related Party	Other Party	Related Party	Other Party	Related Party	Other Party	Related Party	Other Party	Other Party			
<b>Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)</b>	--	394.002.020	--	5.113.635	--	--	--	--	--	1.980.435	--	220.257	--
- Part of maximum risk that is secured with guarantee	--	181.489.950	--	--	--	--	--	--	--	--	--	--	--
<b>A. Net book values of financial assets which are not overdue or exposed to decrease in value</b>	--	394.002.020	--	--	--	--	--	--	--	1.980.435	--	220.257	--
<b>B. Book values of financial assets of which conditions are renegotiated otherwise exposed to overdue or decrease in value</b>	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>C. Net book values of assets of which are overdue but not have decreased values</b>	--	--	--	5.113.635	--	--	--	--	--	--	--	--	--
- Overdue (Gross book value)	--	--	--	23.421.706	--	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	(18.308.071)	--	--	--	--	--	--	--	--	--
-Not overdue (Gross book value)	--	--	--	--	--	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>D. Off-balance sheet risk</b>	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)</b>	--	--	--	--	--	--	--	--	--	--	--	--	--
- Part of maximum risk that is secured with guarantee	--	--	--	--	--	--	--	--	--	--	--	--	--



AK FAKTORING ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

Credit Risk – (Cont'd)

	December 31, 2016										Held assets until to maturity Financial loans Related party	
	Trade receivables			Doubtful receivables			Financial loans		Other receivables			Banks Doubtful receivables Related party
	Related Party	Other Party		Related Party	Other Party		Related Party	Other Party	Related Party	Other Party		
<b>Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)</b>	--	405.888.506	--	--	13.178.207	--	--	--	--	2.030.053	692.314	--
- Part of maximum risk that is secured with guarantee	--	170.405.000	--	--	--	--	--	--	--	--	--	--
A. Net book values of financial assets which are not overdue or exposed to decrease in value	--	405.888.506	--	--	--	--	--	--	--	2.030.053	692.314	--
B. Book values of financial assets of which conditions are renegotiated otherwise exposed to overdue or decrease in value	--	--	--	--	--	--	--	--	--	--	--	--
C. Net book values of assets of which are overdue but not have decreased values	--	--	--	--	13.178.207	--	--	--	--	--	--	--
- Overdue (Gross book value)	--	--	--	--	21.856.679	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	(8.678.472)	--	--	--	--	--	--	--
- Secured part with guarantee of net value, etc.	--	--	--	--	--	--	--	--	--	--	--	--
-Not overdue (Gross book value)	--	--	--	--	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--	--	--	--	--
- Secured part with guarantee of net value, etc.	--	--	--	--	--	--	--	--	--	--	--	--
D. Part of maximum risk that is secured with guarantee	--	--	--	--	--	--	--	--	--	--	--	--



**AK FAKTORİNG ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

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**45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)**

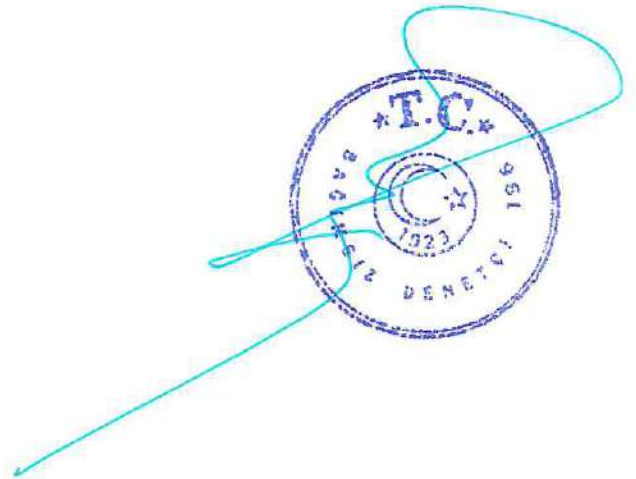
**Risk Management Objectives and Principles – (Cont'd)**

Liquidity Risk

Liquidity risk is the risk that a company cannot meet its funding needs. Liquidity risk is reduced by balancing cash inflows and outflows with the support of credits given by reliable lenders.

The details of financial assets and liabilities according to their maturity is presented considering the period of the financial statement to the maturity date.

The maturity details of non-derivative financial liabilities as of June 30, 2017 and December 31, 2016 is as follows.



**AK FAKTORING ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)**

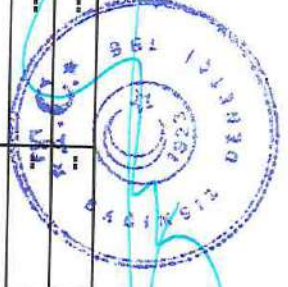
**Risk Management Objectives and Principles – (Cont'd)**

Liquidity Risk – (Cont'd)

The maturity details of non-derivative financial liabilities as of 30 June 2017 is as follows.

Maturity according to contracts	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>341.913.973</b>	<b>341.913.973</b>	<b>1.079.167</b>	<b>340.834.806</b>	---	---
Loans	300.207.631	300.207.631	---	300.207.631	---	---
Factoring payables	1.079.167	1.079.167	1.079.167	---	---	---
Issued securities	40.627.175	40.627.175	---	40.627.175	---	---

Expected Maturity	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>376.037</b>	<b>376.037</b>	<b>376.037</b>	---	---	---
Other payables	376.037	376.037	376.037	---	---	---



**AK FAKTORING ANONİM ŞİRKETİ**

**AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

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**45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)**

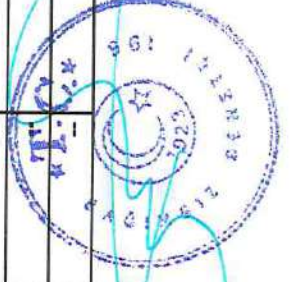
**Risk Management Objectives and Principles – (Cont'd)**

Liquidity Risk – (Cont'd)

The maturity details of non-derivative financial liabilities as of 31 December 2016 is as follows:

Maturity according to contracts	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>365.532.244</b>	<b>365.532.244</b>	<b>288.252.901</b>	<b>77.279.343</b>	---	---
Loans	322.728.856	322.728.856	286.055.891	36.672.965	---	---
Factoring payables	2.197.011	2.197.011	2.197.011	---	---	---
Issued securities	40.606.377	40.606.377	---	40.606.377	---	---

Expected Maturity	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>285.556</b>	<b>285.556</b>	<b>285.556</b>	---	---	---
Other payables	285.556	285.556	285.556	---	---	---



## AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

### 45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

#### Risk Management Objectives and Principles – (Cont'd)

##### Market Risk:

Market risk is the risk of affect the Company negatively depending the changes in interest, foreign exchange rates, and other financial contracts. The main risk for the Company is the changes in interest and foreign exchange rate.

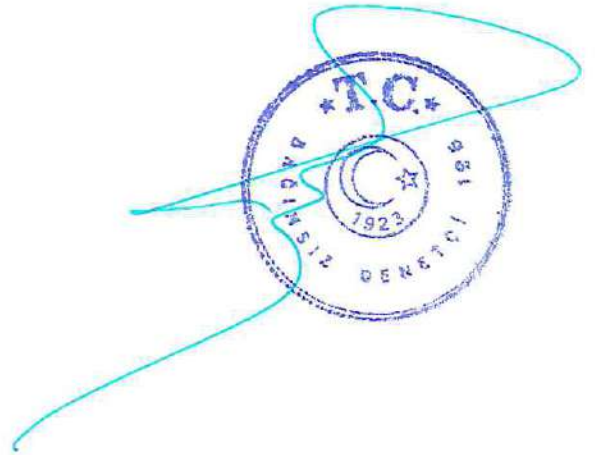
#### a) Foreign Exchange Position and Sensitivity Analysis

The Company is exposed to foreign currency risk because of the exchange rate using in translation of assets and liabilities to local currency. Company analysis the foreign exchange risk with foreign currency.

	30.6.2017	31.12.2016
Assets in foreign currency (*)	7.764.043	11.302.472
Liabilities in foreign currency (-) (**)	(3.610.407)	(6.851.064)
<b>Net foreign currency position</b>	<b>4.153.635</b>	<b>4.451.408</b>

(\*) Total of indexed to foreign currency and foreign currency factoring receivables

(\*\*) Indexed to foreign currency bank loans



AK FAKTORİNG ANONİM ŞİRKETİ

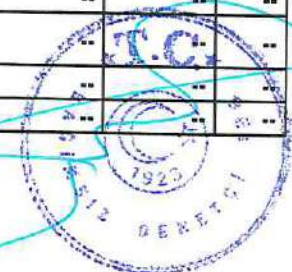
AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

a) Foreign Exchange Position and Sensitivity Analysis – (Cont'd)

Foreign Exchange Position Table				
June 30, 2017				
	TRY Equivalent (Reporting Currency)	USD	EUR	GBP
1. Factoring Receivables	7.764.040	1.106.692	969.963	--
2a. Monetary Financial Assets (including cash, banks)	3	1	--	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>7.764.043</b>	<b>1.106.693</b>	<b>969.963</b>	<b>--</b>
5. Factoring Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>7.764.043</b>	<b>1.106.693</b>	<b>969.963</b>	<b>--</b>
10. Factoring Payables	--	--	--	--
11. Financial Liabilities	3.610.407	364.492	582.587	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>3.610.407</b>	<b>364.492</b>	<b>582.587</b>	<b>--</b>
14. Factoring Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>3.610.407</b>	<b>364.492</b>	<b>582.587</b>	<b>--</b>
<b>19. Net asset / liability position of off- balance sheet derivative instruments</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
19a. Hedged amount of assets	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--
<b>20. Net foreign currency position asset / liabilities (9-18+19)</b>	<b>4.153.635</b>	<b>742.201</b>	<b>387.375</b>	<b>--</b>
<b>21. Net foreign currency asset/liability position of monetary items</b>	<b>4.153.635</b>	<b>742.201</b>	<b>387.375</b>	<b>--</b>
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Hedged of foreign currency assets	--	--	--	--
24. Hedged of foreign currency liabilities	--	--	--	--
25. Export	--	--	--	--
26. Import	--	--	--	--



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AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS  
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

a) Foreign Exchange Position and Sensitivity Analysis – (Cont'd)

Foreign Exchange Position Table				
December 31, 2016				
	TRY Equivalent (Reporting Currency)	USD	EUR	GBP
1. Factoring Receivables	11.290.810	2.216.334	941.018	--
2a. Monetary Financial Assets (including cash, banks)	11.662	1.785	1.450	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>11.302.472</b>	<b>2.218.119</b>	<b>942.468</b>	<b>--</b>
5. Factoring Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>11.302.472</b>	<b>2.218.119</b>	<b>942.468</b>	<b>--</b>
10. Factoring Payables	--	--	--	--
11. Financial Liabilities	6.851.064	1.352.508	563.712	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>6.851.064</b>	<b>1.352.508</b>	<b>563.712</b>	<b>--</b>
14. Factoring Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>6.851.064</b>	<b>1.352.508</b>	<b>563.712</b>	<b>--</b>
19. Net asset / liability position of off- balance sheet derivative instruments	--	--	--	--
19a. Hedged amount of assets	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--
<b>20. Net foreign currency position asset / liabilities (9-18+19)</b>	<b>4.451.408</b>	<b>865.611</b>	<b>378.756</b>	<b>--</b>
<b>21. Net foreign currency asset/liability position of monetary items</b>	<b>4.451.408</b>	<b>865.611</b>	<b>378.756</b>	<b>--</b>
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Hedged of foreign currency assets	--	--	--	--
24. Hedged of foreign currency liabilities	--	--	--	--
25. Export	--	--	--	--
26. Import	--	--	--	--



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### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

#### 45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

##### Foreign Currency Sensitivity Analysis

###### Foreign Currency Risk:

Company uses the foreign exchange position to dedicate the foreign currency risk. According to the foreign exchange position, Company measures foreign currency risk periodically that will arise from changes in the foreign exchange rate.

Foreign currency risk is being controlled by balancing the assets and liabilities in the foreign currency. In this context, foreign exchange position is estimated by considering the changes in assets and liabilities in the foreign currency in the next interim financial period. After estimating the foreign exchange position, Company determines the derivative product and the volume of the derivative product that may be used according to the conditions of the market and expectations. If the exchange currency position is open, Company is buyer of foreign currency. If the exchange currency position is close, Company is seller of foreign currency and apply to derivative transactions.

The Company's foreign currency risk-sensitive financial assets are cash in foreign currency (cash, deposits in the bank), factoring receivables in foreign currencies and other receivables in foreign currencies and current assets. The Company's foreign currency risk-sensitive financial liabilities are trade payables and bank loans that is indexed to bank loans.

	30.6.2017		31.12.2016	
	At balance sheet date	At the report date	At balance sheet date	At the report date
USD	3,5071	3,5295	3,5192	3,6869
EURO	4,0030	4,1644	3,7099	3,9228
GBP	4,5413	4,5980	4,3189	4,6063



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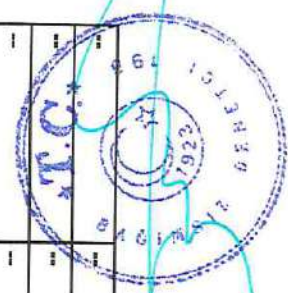
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Foreign Currency Sensitivity Analysis– (Cont'd)

As of balance sheet date, the effect of changes in foreign exchange rate to foreign currency position:

Foreign Currency Sensitivity Analysis					
June 30, 2017					
	Profit/Loss		Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	
<b>In case of appreciation / depreciation of USD against TRY at 10%</b>					
1- USD net asset/liabilities	260.297	(260.297)			
2- Part of hedged (-)	--	--			--
<b>3- USD net effect (1+2)</b>	<b>260.297</b>	<b>(260.297)</b>			<b>--</b>
<b>In case of appreciation / depreciation of EUR against TRY at 10%</b>					
4- EUR net asset/liabilities	155.066	(155.066)			
5- Part of hedged (-)	--	--			--
<b>6- EUR USD net effect (4+5)</b>	<b>155.066</b>	<b>(155.066)</b>			<b>--</b>
<b>In case of appreciation / depreciation of GBP against TRY at 10%</b>					
7- GBP net asset/liabilities	--	--			--
8- Part of hedged (-)	--	--			--
<b>9- Other net effect (7+8)</b>	<b>--</b>	<b>--</b>			<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>415.364</b>	<b>(415.364)</b>			<b>--</b>





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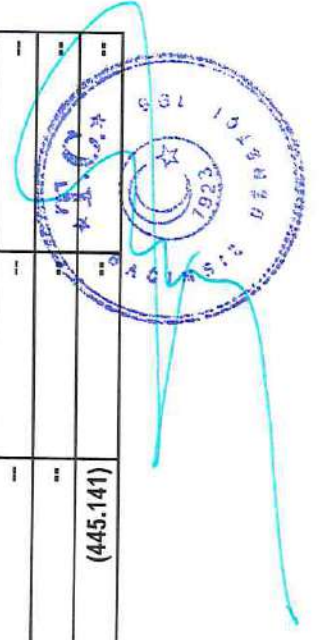
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(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Foreign Currency Sensitivity Analysis– (Cont'd)

Foreign Currency Sensitivity Analysis					
December 31, 2016					
	Profit/Loss		Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	
<b>In case of appreciation / depreciation of USD against TRY at 10%</b>					
1- USD net asset/liabilities	304.626	(304.626)	--	--	--
2- Part of hedged (-)	--	--	--	--	--
<b>3- USD net effect (1+2)</b>	<b>304.626</b>	<b>(304.626)</b>	--	--	--
<b>In case of appreciation / depreciation of EUR against TRY at 10%</b>					
4- EUR net asset/liabilities	140.515	(140.515)	--	--	--
5- Part of hedged (-)	--	--	--	--	--
<b>6- EUR USD net effect (4+5)</b>	<b>140.515</b>	<b>(140.515)</b>	--	--	--
<b>In case of appreciation / depreciation of GBP against TRY at 10%</b>					
7- GBP net asset/liabilities	--	--	--	--	--
8- Part of hedged (-)	--	--	--	--	--
<b>9- Other net effect (7+8)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>445.141</b>	<b>(445.141)</b>	<b>--</b>	<b>--</b>	<b>--</b>



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AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

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45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

a) Interest Rate Position and Sensitivity Analysis

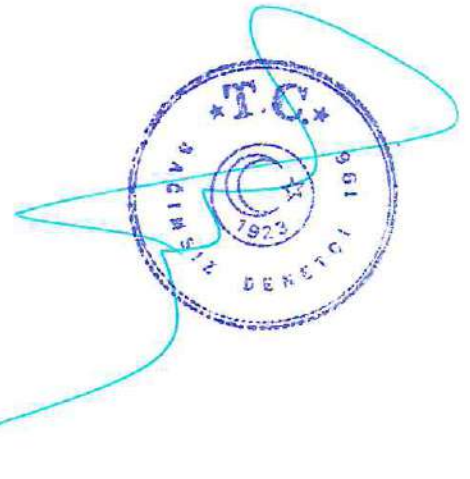
Interest Rate Position:

The Company's sensitive financial assets are factoring receivables and sensitive financial liabilities, bank loans, issued securities and payables to related parties.

The Company manages payments and receivables with similar maturities, so they project to balance interest increase and decrease.

Weighted average interest rates applied to sensitive assets and liabilities of the Company are as follows:

	30.6.2017				31.12.2016				
	%	TRY	USD	EURO	GBP	TRY	USD	EURO	GBP
<b><u>Assets</u></b>									
Bank deposits	--	--	--	--	--	--	--	--	--
Financial assets held for trading	--	--	--	--	--	--	--	--	--
Factoring receivables	21,94	12,21	10,89	--	22,24	11,10	11,21	--	--
<b><u>Liabilities</u></b>									
Loans	15,64	6,11	4,38	--	14,85	5,49	4,10	--	--
Factoring payables	--	--	--	--	--	--	--	--	--
Issued securities	16,87	--	--	--	15,82	--	--	--	--



**AK FAKTORİNG ANONİM ŞİRKETİ****AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

**45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)****b) Interest Rate Position and Sensitivity Analysis – (Cont'd)**

The interest position of the Company is as follows.

Interest Position Table		
	30.6.2017	31.12.2016
<b>Fixed interest financial instruments</b>	<b>134.875.630</b>	<b>141.442.494</b>
Factoring receivables	394.002.020	405.888.507
Loans (-)	(258.047.223)	(262.249.002)
Factoring payables (-)	(1.079.167)	(2.197.011)
<b>Variable rate financial instruments</b>	<b>(82.787.583)</b>	<b>(101.086.232)</b>
Financial assets for trading	--	--
Loans (-)	(42.160.408)	(60.479.855)
Issued securities (-)	(40.627.175)	(40.606.377)

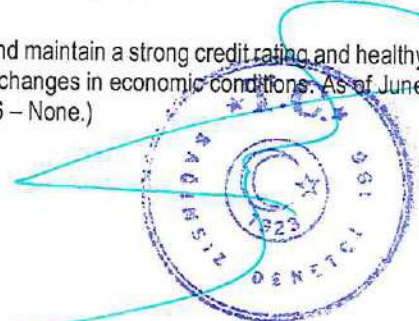
**Capital Risk Management Policies and Procedures**

In capital management, the Company aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Company follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount as shown in balance sheet, trade and other payables and loans

	30.6.2017	31.12.2016
Total payables	344.979.804	369.015.522
<u>Less:</u>		
Cash and cash equivalents	(5.521)	(7.699)
Banks	(220.256)	(692.314)
<b>Net payables</b>	<b>344.754.027</b>	<b>368.315.509</b>
Total equity	62.724.884	59.176.339
Debt/Equity Ratio	550%	622%

The primary purpose of the Board of Company is to maximize the shareholder value and maintain a strong credit rating and healthy capital ratios. The company manages and corrects capital structure according to the changes in economic conditions. As of June 30, 2017 there is not any change in purpose, politics or process. (December 31, 2016 – None.)



## AK FAKTORİNG ANONİM ŞİRKETİ

### AS OF JUNE 30, 2017 NOTES TO THE FINANCIAL STATEMENTS

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#### 46. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The Company has determined the estimated fair values of its financial instruments by using available market information and appropriate valuation methods however, evaluating market information and estimating fair values requires interpretation and judgment. Consequently, the estimates presented may not necessarily indicative the amounts the of the Company could obtain in the market. The following methods and assumptions were used to estimate the fair value of financial instruments

**Financial Assets**– Monetary items in foreign currency are exchanged by using the exchange rate at the balance sheet date because they approximate their fair values. Financial assets are deemed to approximate their carrying values because having short-term maturity, making provision for possible loss according to the economic and sectoral conditions.

**Financial Liabilities** – Monetary items in foreign currency are exchanged by using the exchange rate at the balance sheet date because they approximate their fair values. Financial assets and other liabilities are deemed to approximate their carrying values because having short-term maturity.

#### 47. SUBSEQUENT EVENTS

A dividend payment of TRY 7.500.000 was made to the shareholders on July 05, 2017 With the Ordinary General Assembly Decision of 2016.

(31.12.2016 : According to the decision of the Board of Directors dated December 31, 2016 -February 09, 2017 Yılmaz Bişgen was appointed as a Board Member in place of Cem Özdemir who abandoned from the Company's Board of Directors.)

#### 48. OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR PREVENT THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None. (December 31, 2016 – None)

